The Dream of Nationhood

Earlier chapters dealt with a Left and a Right anti-economics. We now turn to a species of anti-economics that challenges a thesis that is shared by Left anti-economics, Right anti-economics, and economics itself: that human economic experience, in so far as it can be understood at all, is a unity; in so far as markets can be rationalised, the laws and regularities that do so encompass all markets; in so far as human drives behind those markets can be accounted for, the laws and regularities that do so encompass all human beings. Heterogeneity in manners and markets are not denied, but they are lawless and cannot be explained by reference to less than universal categories.

In this chapter we turn to a species of anti-economics which denies this fundamental homogeneity of human experience: relativism. Relativism holds that economic reality is not one. There are no significant economic claims that always hold true, across all time and space. There are no institutions or policies that will always be the best fitted (‘natural’) to humankind’s economic life. There may be truths, but no absolute truths. All economic truths will be relative to some sub-universal category; to historical epoch; or to culture; to race; to the state of technology… To relativist anti-economics the Grande Tradition has violated relativity by purporting to create an economics for all economies, centring on ‘economic man’, and the market. It has in fact, under the guise of universalism, sought to advance policies which are to the advantage of the powerful, and to the disadvantage of the less powerful. Economic inquiry should see through this false universalism; it should abandon any vision of the world as a set of homogeneous free markets, and allow for institutions, customs, and politics, anchored to ‘nation’, ‘culture’ and ‘history’.

Relativism is a man-of-war that has been borne by several contrary currents; conservatism, radicalism, Left and Right. But we will argue that another political principle has been the great emotional motor of relativistic anti-economics: nationalism. Here lies the nervous core of relativism; a resentful identification of an aspiration to universalism with a reality of imperialism. We therefore trace the appearance of relativist economics to the nationalist...
reflux of opinion against the universalism of the eighteenth century, and its condensation in varieties of ‘national economics’ in the nineteenth.

We further argue that in the twentieth century national economics retreated from the developed world to reappear as ‘development economics’ in the Third World. And in the developed world ‘culture’ took the place of ‘nation’ as the catchword of relativism.

4.1 The ‘fraction of the human race’

The contentions of relativism

Relativism comprises a suite of linked cosmological contentions: unicity, hysteresis and historicism.

**Unicity** contends that everything is unique. Each thing is the sole member of its kind, or class. Thus the properties of any one thing are different from every other thing. This contention implies a universe without generalisations or laws. It does not, however, posit a world of mystery: each event may be explicable; but the explanation of one event will give no assistance to the explanation of any other. Therefore, the method of research must consist of the examination and allowance for all detail. This method of detail includes the ‘historical’ method. This method holds, in the words of the anti-economist Ferdinand Galiani, ‘General reasonings and nothing are pretty much the same thing’ (Galiani 1881, 2, p. 274).¹

**Hysteresis** gives unicity historical form. In this cosmology the critical detail of a thing is the detail of its past. The whole profile of its past state is relevant to its current properties. This has an epistemological significance: knowledge becomes ‘genetic’; things are to be understood in terms of their past, or in terms of their ‘origins’. Hysteresis also has a cosmological significance; all change is now qualitative change. For if a thing moves from A to B and back to B, it is not left unchanged. It is changed by the very movement from A to B and back again. All change is irreversible.

**Historicism** posits a pattern to the qualitative and irreversible change of hysteresis. Historicism supposes that qualitative states succeed one another so as to approach nearer to some end. Such a succession of qualitative states might be called ‘development’ and the clear metaphor of this change is the biological change from infant to adult. Historicism, therefore, says that all history is development.² If you like, historicism puts the story back into history. More formally, historicism holds that there are laws of succession: so pastoralism succeeds hunter-gatherers; and capitalism succeeds feudalism that succeeds primitive communism.

The implications of nationalism

Economics was born in a period when these contentions of relativism were refused. It was born in the Enlightenment in which the unity of man’s