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The economic imagination

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To apply the term 'magical' to modern economic thought is to suggest that there remains within it an unassimilated and unexamined residue of irrational thought. Further, it is to hold that this remnant persists despite the discipline's century long attempt to "submit the abstract laws of theoretical political economy or 'pure' economics to experimental and quantitative verification, and thus to the extent possible to constitute pure economy as a science in the narrow sense of the term" (Frisch, 1926: 1, our translation). The specific instance of irrationality to which we refer is perfectly visible but systematically overlooked because it exists in economics' most basic assumptions: not only the assumptions about the causal mechanisms that determine human action, but even more in what is increasingly acknowledged to be the theoretical Achilles heel of economics, the concept of the market itself. It is here that the term 'magical' — which allowed us to see the irrationality that is reproduced rather than eliminated by its formal apparatus — may, if we are not careful, prevent us from seeing how the magical thinking evident in 'mainstream' economic theory and practice is not simply 'error' or a pathology of thought, but is historically determined in ways that are so profoundly embedded in economic theory that they have been rendered remarkably resistant to analysis.

The Physiocrats saw the market as a 'second providence', an extension of nature's design (with or without God) through the unintended consequences of human activity. As Martijn Konings (2015: 41-52) has noted, later critics of this idea saw it as a kind of idolatry: the market could be granted autonomous agency and knowledge only on the basis of a forgetting and a repression of the fact that it was a product of and dependent on human activity. Mary Shelley's *Frankenstein* (1994/1831) explores the fear that such an idol inspires: the idea that a mute and unmoving Golden Calf could become a Golem, that is, come alive, free itself from human control, and destroy its creator.

But perhaps the most powerful form of the supernaturalism immanent in the very notion of 'economy' is directly related to notions of providence — in Ephesians 3:9 *oikonomia* is the plan God has hidden from humankind — and its modern expression, theodicy. As Leibniz (1985/1710: 128-9) explained, there are no defects or failures in nature; the phenomena perceived as such are links in the chain of causes and effects necessary to produce the best

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possible world. If this causal sequence necessarily eludes our attempts to grasp it, we nevertheless can know (if we are unshakeable in our convictions) that if God permits an evil, he does so only to allow the coming into being of a greater good than would have existed without it. The hold of such notions over what we might call the economic imagination is quite extraordinary. To put it another way, if God has disappeared from economic discourse, it is only because he has disappeared into the perfection of the system of his own creation, as if the forgetting of God were the surest sign of his perfection.

From this perspective, an economic crisis is a correction, that is, a temporary evil (or set of evils: unemployment, poverty, hunger) necessary to the production of greater prosperity than would have existed without it. More importantly, what is now called 'market failure', a notion that remains a point of controversy among mainstream economists, is typically understood not to be a failure of the unhampered market at all, but a failure to allow the market to operate without interference. Such interference comes not simply from the state when, for example, it refuses to allow the law of supply and demand to set wages or prices, but may also be the result of collective action on the part of workers to set a minimum wage, or even conspiracies among employers to lower wages or raise prices beyond the levels set by the market. In a market allowed to operate without interference (which requires not a 'nanny state' that subverts market rationality with its redistributive policies, but a punitive and militarized state — which does not come cheaply — that will protect the market from its many enemies, domestic and foreign) everything happens for a reason, as the faithful like to say. The theological underpinnings of economic theory are becoming increasingly obvious as the struggles against 'necessary' deprivation to which no limit can be assigned increase around the world and their effects are felt in and around economic thought.

Next to the 'magical' or providential foundations of commercial society that we see in Smith's reliance on Jupiter (the disembodied 'invisible hand' we know today belongs, in Smith's text, to this divine arbiter), as well as in the work of Leibniz and the Physiocrats. Let's also take seriously what Samman (2015: 24) picks up in Konings and Vogl as money's 'technological' connections. And let's think about technology as central to the problem of signs, particularly, *magic*-money's way of pretending to sustain equivalency and stability in the face of the undeniable, but still half-consciously denied, examples of inequality and disturbance that markets actually produce — the *spectral* reality of capital.

Samman's (2015: 25) third figure, the technical analyst, is very much to the point here. This is the organizer of data; or let's call him, after Vogl (2015: 10), the rational subject, whose "will to knowledge" is ever more dependent on the use of machines. Can we think of the machine in terms of media, and from there, the ghosts within? The problem of money as media might at least help to reintroduce the question of knowledge and experience as central to the money system, rather than, as happened with the advance of the economic disciplines, its separate pre-conditions.

It is a correlation worth exploring that the first progenitors of commercial exchange could not have thought about economics outside the conditions of civil society. Simply put, the circulation of knowledge — the newly developed print culture explored by Benedict Anderson (1991), among others — is essential to money's psychic life. And a whole new discipline called literary studies was designed precisely to temper the spectral reality of signs. This was a technical as much as an aesthetic problem, to the extent that we might consider things like moveable typeface, steam driven presses, cheap paper, and ink. The bearing of writing-as-media was essential to the creation of the individual as a political and socio-economic unit. More importantly still, the rise of individuality on such a relatively massive (though still limited) scale was also part of a vast media achievement.

This becomes apparent at just the moment that literary studies separates itself from politics and philosophy in general, that is, the moment the term 'imagination' entered the scene. It was an absolutely essential term for Smith and his cohort. Imagination was not an activity meant to overcomplicate the individuation of one's self as a worker or an owner but was, at least ideally, supposed to help maintain the fiction of commercial equality as well as the division of ranks. *Imagination* was the exact stand-in term for magic. It worked in the sense that by thinking imaginatively, the majority of working people could speculate themselves out of a reality of toil, or convince themselves through whatever concept of sociability, leisure, or the afterlife, to behave more or less passively during times of scarcity or famine. (Of course, the happier point is that working people often did not behave thusly).

The disciplinary narrowing of economics was a nineteenth-century phenomenon, as everybody knows, unthinkable to earlier philosophers of commerce. Numbers, and money, and the distribution of things, became issues cordoned off from the softer stuff hammered into the disciplinary pigeonholes of the arts and humanities. It was not always this way.

The Adam Smiths of the early modern period were concerned with the right way — that is, the most commercially peaceable way — to have an experience, to express fear or anger, love or affection. And that way of experiencing was to "flatten out" your feelings, as Smith (1984/1759: 23) says: Think about that spectator/warden within; Don't worry too much if you're not getting the fruits of your labor but a little money instead; Don't put your needs ahead of the law; Don't love your neighbor to the point that you organize in "combinations" against your employer for a larger share than the market allows (Smith, 2015/1776: I. 69). Or better, think of your employer as your neighbor, because matters of money shouldn't count for as much as the fictional goal of social stability, which after all it is only God and Jupiter's business to know. Smith even wrote a how-to guide on the appropriate ways to cry at a friend's funeral: how much the lower lip should quiver (not too much), and the appropriate quantity of tears (not too many) a manly sufferer should let fall. No good capitalist suffers *suffering* too well or too much. To do so would be to admit the ways in which people connect against the grain of commercial society. To do so would be to break the monetary spell.

The famous invisible hand is the easiest way to think about the spectral or imaginary components of the money system. But in the three places Smith mentions this ghost, only one has to do with economics *per se*. As a feature of the moral spectator, this ghost is holy: it smooths over the myriad disruptions and sufferings that money brings to most people's ordinary life. At the same time, this ghost of Jupiter is unholy once ordinary people *refuse* to imagine those disruptions away.

But might spectrality work conversely too? Or to put it better, wouldn't it be more accurate to say that spectrality is an immanent encounter between reason and un-reason — or, in the case of economics, an encounter between money's *magic* act on the one hand, and the *real* attraction of disruption on the other? We could think about this *real* attraction as the presence of another's suffering — brought to a point of disruption — which just *maybe*, commercial society can no longer safely ignore.

It sounds like we are getting away from, rather than moving toward, the proximity between markets, technology, and signs. But we are not, especially if you can accept thinking about technology as media. Books, newspapers, magazines, and pamphlets were a massive problem along with the similarly massive problem of the market economy itself at its inception. Unprecedented breakthroughs in media technology were a primary feature of the Enlightenment, as the reference above to Anderson shows. And Habermas (1989) was right to say that the two most important factors in Western modernity were the advance of printed material after the Licensing Act and the establishment of the Bank of England. Formal realist novels, for example, and easy credit for white, propertied men, were for Habermas what put the market in play — and both did so as *fictions*. What better heading under which to establish the proximity between technology, the mythology of signs, and markets, especially the way in which a spectral, un-reasonable, or affective agency, crops up now and then in response to those false equivalences that markets pretend to sustain?

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