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Sui Generis, Historically **On Prabhat Patnaik's *The Value of Money***

Anindam Dutta

In February of 1955, Joan Robinson spoke at the Delhi School of Economics, the talk subsequently being published as one of the School's Occasional Papers, titled "Marx, Marshall and Keynes." (It was reprinted later as part of her collected papers, proofread by a certain "Dr. A. K. Sen" from Trinity College.¹) Robinson's engagement with the decolonizing world, particularly China, was then well underway. The grain of the paper reprised well-worn themes from Robinson's *Essay on Marxian Economics*, written under the shadow of her mentor Keynes in 1942, regarding the need for followers of Keynes and Marx to speak to each other beyond what must be accepted as lacunae in both these writers: Marx was wrong in predicting the course of capitalism in the developed world; Keynes was inapplicable in the Third World where near-full employment could not be taken as a given.

Almost two decades after the event, in the wake of strong communist advances into the Indian electoral scene, E. M. S. Namboodiripad took issue with Robinson in the second issue of this new journal called *Social Scientist*, in a piece whose title may be considered indicative of its substance: "How Not to Study Marx." In both her 1955 talk and her subsequent rebuttal of EMS which followed in the pages of *Social Scientist* six months later, Robinson makes it clear that non-Marxist economists had used Marx's mistakes on two fronts – the "transformation problem" between value and price, and the prediction that real wages remained constant - to throw out Marx *in toto*; and that Marxists, in defending Marx in the letter were doing a disservice to themselves in their inability to take on any real economic problems. (In 1973, the appearance of Sraffa's *Production of Commodities by Means of Commodities* in 1960 appears to have significantly alleviated her concerns about this "simple analytical problem... a puzzle of no real importance.") It is difficult to determine whether Robinson actually saw any viability in the Marxian corpus, and that she was not merely here speaking to the preponderance of Marxian economists in China and India as a *political* block.

In EMS's riposte, both in the first piece and then the rebuttal of Robinson's rebuttal that followed,² one senses almost a visceral aversion, revolving around the *use* of Marx for providing fixes in political economy as a discipline, as well as Marx's use of political

economy. *Capital* was not written to “explain how capitalism works and can be made to work.” To perceive Marx’s laboured apprenticeship in the economic “classics” - Adam Smith, Ricardo, Mill – as attempts to solve economic conundrums, or as merely offering correctives for flawed analysis, placing him in the honorific league of Marshall and Keynes as having made “great original contributions,” in EMS’s argument, was in itself an attempt to blunt the force of Marxian critique. Jesus wasn’t just a nice guy. In seeing Marx’s analysis of surplus value as an inadequate explanation for relative price adjustments, or in tententiously pointing out that the rise in the real wages of workers in industrialized countries rendered remote the prospect of proletarian uprising, “bourgeois intellectuals” such as (EMS consistently addresses her as “Mrs.”) Robinson presupposed a kind of analytical intent that was in fact foreign to Marx or the Marxian world: the third volume of *Capital* does not attempt to resolve the question of what determined prices through his theory of value; rather, it attempts to show that market prices are “determined by a variety of factors and are therefore invariably above or below value” was in fact a locus of contradiction.³

This article is a review of Prabhat Patnaik’s new book *The Value of Money*.⁴ Working one’s way through its pages, written in the author’s trademark precision in language, it is difficult not to notice that, in Marx’s words, some old ghosts have been set walking again, not only for the fact that Patnaik is now the editor of *Social Scientist* and Vice-Chairman of the Planning Board of the state of Kerala, the late EMS’s stomping ground. It is to the credit of the book that in resurrecting these ghosts, its arguments do not come draped in period attire, but comprise a significant working-through of residual problems in economic theory that contemporary “mainstream” economists tend to paper over explaining some significant contemporary macroeconomic conundrums to boot. An example is the lucid exposition offered in the book’s closing chapters regarding to the diametric shift from the old (British) empire to the new (American) one, where we see a reversal in terms of the lead imperial country from the status of largest creditor to largest debtor.

Patnaik’s ostensible concern is that of Robinson, that of an economist defending the modus of his discipline, but the book could well be a primer for EMS’ team. The book’s objective, as the its title suggests, is to analyze the determinants “behind” the value of money, but it also has pedagogical value in its thoroughgoing review and critique of ‘mainstream’ economics, not only in terms of presumptions regarding money but its basic grasp of the economy as such. Inasmuch as Patnaik’s ire is reserved for the ‘charmed circle of “mainstream” theorists,’ the book adamantly restricts its analysis within the tools of its discipline, consciously eschewing tools that contending disciplines within the social sciences or the humanities may have devised in critiquing some

of the same phenomena. Anthropologists or historians who take the pains to read this book may nonetheless intuit in the book's profound argument about mainstream economics a kindred spirit, with the additional benefit of acquainting themselves with the rigours of a storied discipline.

The book has three salient claims, that a) that "mainstream" economics, with Walrasian equilibria as its standard, is unable to offer a theoretically coherent explanation for the constitutive features, or functioning, of capitalism: whether it be the division of labour (the preference without which firms cannot obtain), or more tellingly, the preference for money as a form of wealth-holding exogenous to considerations of demand and supply; b) that Walrasian assumptions do not allow economics to comprehend that capitalism, as an inveterately demand-constrained system that is simultaneously prone to oversupply crises, must, in order to prevail, remain within a "range of viability." This range is marked at its lower limit, in a world where money is a non-produced commodity, by a threshold where interest rates reach a minimum floor and where payments commitments from the past and unstable expectations about the future create an outward shift in lenders' liquidity preference (given the long term tendency towards a fall in profits). The "ceiling" or upper threshold here is defined by the Keynesian-Robinsonian "inflation barrier" (165-171). Patnaik avers that not only does mainstream economics err in assuming that the possible equilibria between wages, price and availability of money must settle within this range, but that in fact it has no explanation for why this *must be* the case, and therefore lacks the tools to keep the economy within this viable range; c) that if, despite this inherent tendency towards instability, capitalism has indeed prevailed for so long, the reasons for this are not those that mainstream economics (or, for that matter, Marx and Marxians) have adduced to it.

Historians of a certain ilk are likely to be taken by the book's many anachronisms. On pages 14 and 16, Adam Smith is described as subscribing to a "Hegelian proposition" that the "whole is not the sum of its parts." (The problem here is not just chronological but epistemological. There is the Chinese wall of the "critical" system of Kant that stands between these two frames of thought: the Hegelian "whole is not the sum of its parts" *not in the same way* as comparable conceptions of the whole in the Scottish enlightenment.) Elsewhere, the Ricardian theory of money in the short run is deemed to be a "specific variation" of the Walrasian analysis (page 28). However, if one follows the grain of the book, it becomes clear that these anachronisms constitute a *witting*, studied use of the form. Take for instance the following passage, where the author avers that his emphasis is on "the *logic* of [Ricardo's] overall schema... for this purpose, I shall not even be looking at his overall schema in a textual sense, *as he had developed it*, but in its most logically tight form, such as can be

erected on the basis of both his own original work and that of later writers like Piero Sraffa” (pp. 99-100).

Foucault’s conception of genealogy in the well-known pages on “Exchange” in *The Order of Things* (or for that matter, the Marx of the *Eighteenth Brumaire*) has taught us to be suspicious of such transcendent truths being smoothly carried between distinct *epistemes*. Nonetheless, the use of anachronism is purposive, indeed it is central to the book’s argument, and speaks less to the undoing of genealogy as to its recreation along different lines, something that becomes evident when we confront its most pronounced usage in Patnaik’s christening of two contending “traditions,” “Monetarism” and “Propertyism,” both marked by way of hyphenation: the Ricardo-Walras strain versus the Marx-Keynes-Kalecki. Unlike your average Brahmin or Kayastha, however, the members of these traditions may be somewhat oblivious to their supposed affiliation.

This is just as well. To club Marx and Keynes as kindred souls, if the Robinson-EMS spat mentioned above may not alerted you already, may present problems both for the historical and the theoretical record. The Marxian world, as Patnaik well knows, is somewhat obtuse to demand, Marx having more or less relegated it to an after-effect of Christian trans-substantiation (“fetish”) in the chapter on the commodity. And here is Keynes on Marxism: “How can I adopt a creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeois and the intelligentsia who, with whatever faults, are the quality in life and surely carry the seeds of all human advancement?”⁵ Keynes biographer, Robert Skidelsky, has described *The General Theory* as a *coup de grâce against* Marxism in that it appeared to restore the state to a preponderant position over the claims of *laissez-faire* economics (Antonio Negri quipped that with Keynes “capital becomes communist”⁶) while in fact restoring the severely depression-tarnished credentials of his Anglo-Saxon legacy.⁷ Indeed, the Keynesian short run exactly sought to counter the eschatology of “decline” to which the Marxists had consigned it; his attempt may be perceived as jimmying the “dismal science” from an inveterate melancholia not unlike the Irish character trait described by Yeats, comprising “an abiding sense of tragedy, which sustained [it] through temporary periods of joy.” In the Keynesian world, it is precisely to the point that one not care about the long run (the one in which, famously, “we are all dead.”)

The pertinent Keynes that Patnaik extracts for his tradition, however, is not the infinite series of successive short-runs that its author devised to solve the problems of demand deficiency, nor is it the “hydraulic” or IS-LM-based prescriptions for demand-management with which both proponents and opponents of Keynesianism have done battle in the halls of academia and government. (Patnaik nonetheless declaims the opportunism by which Keynes’s

framing of money wage rigidity have been turned into an alibi for a Walrasian argument against wage negotiation into a position of complete wage flexibility.) Nor is Patnaik's Marx quite the one found on the garden path of surplus value that Marxists (including EMS) have tended to tread on for all these years. And the "Monetarist" tradition here so-called, for good measure, is not quite what you think it might be (i.e. the Friedmanian anti-fiscal ideology that reigns heavy in American discussion).⁸

On the surface, the willful use of anachronism⁹ in the book echoes that of the sciences in general: there is a surfeit of phenomena through the book's pages that are analyzed *sui generis*, in addition to all those events that maddeningly happen *ex ante* and *pari passu* and *ceteris paribus*. If for the economist this is merely par for the course, the book's comportment does not exactly coincide with the ahistoricity that is habitual for the sciences. Indeed, later in the book, Patnaik ascribes the difference between "classical" economics and post-Keynesian economics as located precisely in their respective address of the "reality" of their respective economic worlds: supply-constrained in the case of the former, demand-constrained in the latter. History is not excised but put in a context where the relationship to causality is precisely what is most put into question within the frame of analysis. There is more than a whiff of structuralism in a statement such as the following: "Capitalism is not a planned system. But it is the outcome of an objective process that no one deliberately set up" (200). To understand the role of capital in history requires the "strong misprision"¹⁰ of history: Patnaik's project is not entirely inimical to that of the historian. Indeed, if empirical fidelity to events is the historian's concern, I would argue that the *theoretical* implications of this determined use of misprision or catachresis, which is to exhaustively chart what one may term the *aneconomic* moments defining the economic, may in fact be a better ally of the historian than any historicist schema which historians may employ to confront either economic phenomena or the development of economics as a discipline. Patnaik's ahistoricity works paradoxically to situate "history" at the centre of concerns in the book if the following claim is kept in mind, one in keeping with a Marxist lineage: "*Monetarist logic fails to hold in historical time*" (p.32).

Throughout the pages of the book, one is continuously confronted by a vigilant epistemological circumspection on explanatory limits, and comprise, from the economist's standpoint, an obdurate resistance to what Nancy Cartwright has described as the "imperialist" tendency of its mainstream counterpart "to account for almost everything."¹¹ This is evident whether in Patnaik's fundamental presumption of money as determined exogenously to considerations of demand and supply (the defining characteristic of "Propertyism"), or the coruscating discussion in the chapter on rational expectations equilibria where socially optimal or "cooperative" paths essential to

capitalism (such as that of the factory or the firm) are shown to be logically irreducible to the hedonistic individuals whose relations are mediated entirely through the market. Historians of science will therefore find great use for Patnaik's spectacular demolition of the assumptions of rational expectations equilibria and methodological individualism through the positivist use of which the social sciences have infiltrated all manner of discussion on social phenomena.

"Monetarism" in Patnaik's version is thus defined primarily from its Walrasian legacy: by the assumption that the value of money in the short run is defined by demand for and supply of it. This conception, Patnaik avers, necessarily relegates money in the first instance to a "neutral" role, as merely a medium of circulation, a functional erasure at the origin in order to maintain which it has to resort to continuous and tortuous circumvention. In the hands of the tatonner where an equal rate of profit is established across the spectrum, Patnaik seems to distinctly perceive the Walrasian tendency in reading the equation of supply with demand from "left to right" rather than "right to left,"¹² surreptitiously inserting Say's Law as the force that administers the law. Although the simultaneity assumed in the Walrasian clearance of the market has long been seen as a problem in economics, *The Value of Money* brings the problem centre-stage as a fundamental lacuna rather than merely a secondary enigma to be permanently deferred, *mutatis mutandis*, while the metaphysical kernel is retained intact.

Patnaik's works through the Walrasian list of extenuations in a thoroughgoing manner in order to model the ways in which money may be (and is) held for reasons other than those cognized by Walrasianism. These reasons have to do with expectations, the economist's approximation of historical time, and on the basis of which the primary flaws of the Monetarist tradition are revealed. The book's portrayal of money as a form of wealth holding for autonomous reasons rests on its rigorous modeling of expectations as significantly more uncertain than the stylized exigencies resorted to by the Walrasian ethos: the "cash balance approach" (including the constant Cambridge k) or the "cash transactions approach," (pertaining to the demand for money as a transactional entity) where, in different ways, the money held outside circulation is reduced merely to some assumptive portion of the money in circulation. Simply put, the *invariance* of this portion logically nullifies what the assumption is supposed to model: the *uncertainty* underlying the liquidity preference (besides having the additional shortcoming of appearing completely unreal.)

As mentioned above, Patnaik's primary allegiance is to a discipline, a defining characteristic of disciplinarity being that phenomena are apprehended not in terms of their mimesis of reality (whatever that may be) but through defensible constructs whose *access* to reality needs be measured in terms of its

scrupulous judgment of its initial assumptions. Consequently, the absence of “reality” in an economic argument has a kind of secondary or incidental status in Patnaik’s writing. This is particularly evident in the book’s extensive modeling of time. This treatment is complex, and here the historian (as a different kind of disciplinary stylizer of “events”) may experience a certain *frisson*: to wit, the author’s repeated insistence, *pace* Robinson, that the holding of money is contingent upon expectations whose uncertainty derives from determining “between a past that was given and unalterable, and a future that was unknown.” (Historians such as myself go on the opposite presumption: that the future is unknown and unalterable – when it happens, it will always have been in the mode of *always having been* decided – while the past may be open to all manner of invention.) But the purport of this disciplinary self-control is in fact to pit the uncertainty in the preference for money *against* an organicistic presumption of self-correction to what amounts to a completely arbitrary range where it has no predilection to settle: “once expectations are brought in, *there has to be some holding of money for reasons other than its use as a means of circulation*, or, what comes to the same thing, *the income velocity of money cannot possibly be taken to be constant.*” (p.106). The range of behavior in relationship to money, therefore, is completely *open-ended* with regard to the models of economic analysis.

The “temporizing” devices through which the book works out its conceptions of time are many – time-preferences, time-patterns, and so on – including the various sections in which expectations are modeled in line with two conventionalized “generations” – the “young” and the “old” – whose expectations are seen to differ in concrete economic decisions about hoarding as opposed to investment. A critical apparatus through which the “unalterable past” holds sway in expectations about the uncertain future is inherited payments commitments, a leitmotif which enters the book substantially in the chapter on “Equilibrium and Historical Time.” The author etches a fascinating relationship between individual risk-averseness and firms’ incentive to mobilize this through “certainty-equivalent rates of return.” The emphasis here is on an “inside money” world that is most germane to the Walrasian assumption: Patnaik’s intention after all is to demonstrate that money is held for exogeneous reasons and therefore *ipso facto* in some fashion belongs to the world of “outside money.” As a modeling of behavior, these pages on historical time are revealing in their own right, but one little suspects the use of inherited payments commitments as it reappears later in the book – and in subsequent economic *periods* – when it reenters a given period as the basis of rigidity in the elasticity of wages, price and money, thus serving as an *exacerbating* factor against the ability of equilibria to either settle within a viable range or behave in a completely elastic manner. If this shows the Keynesian short-run to be a limited conception, the

Walrasian world is demonstrated to be patently unable to be true to itself: a *karma* devoid of eschatology if you will.

This “anarchic” role of expectations, uncertainty, and commitments amount to what I have termed *aneconomy*: in Patnaik’s discipline, this may amount to no more than pointing out the “compatibility-problem” between microeconomics and macroeconomics,¹³ a problem which this author as a partisan macroeconomist is nonetheless too self-restrained to take on other than the terms of a logical “hiatus.” The aneconomic figures here in the form of a dehiscence: “An unbridgeable chasm opens up between the aggregation of individual actions looked at from the point of view of intentions and the aggregate consequence of these actions” Here a certain Hegel – the Hegel that brought critical philosophy into “historical time,” that is – haunts this book, quite at a distance from the received Hegel of the “indecomposable whole” that the author refers to: “A *mysterious element* interposes itself between the intentions in their totality and the outcome in its totality” (pp.83-84).

The “element” or “property” exogenously defining money in the “Propertyist” tradition – the tradition that the author conjures up as his preferred genealogy – it turns out, is no one *thing*. Patnaik paints a careful picture of the manner in which aneconomic expectations enter into a host of conventional economic calculations within and between periods as a series of refractory behaviors. The incongruous juxtaposition of Marx and Keynes as the two key proponents of Propertyism is of a piece with Patnaik’s understanding of capitalism as *simultaneously* prone to oversupply crises (Marx) and demand deficiency (Keynes, with Kalecki as a potential bridge), a point which is further established through the logical inconsistencies of the Monetarist framework. The unifying element that ties both these theorists together in the book is their intuition regarding the exogenous determination of money as a *starting point* for their analysis. In Marx, this is evincible in his breaking apart of the C-M and M-C phases in the C-M-C and M-C-M cycles of the well-known “General Formula” chapter and again in parts Four and Five that follow the “Law of the Tendential Fall in Rate of Profit” in Volume III. And in Keynes, this is made explicit in the relative dilation in money-value between the money wage rate and the real wage in relation to prices, with the result that the exchange rate among all commodities (including money) is seen to be entirely different from the exchange rate between money and the world of commodities on the other. All this to say that money is in fact held – “hoarded” – for reasons outside the realm that of demand and supply, thus introducing inelasticity as an essential feature determining the simultaneity of an oversupply crisis and a demand-constrained system.

Readers of Keynes may consider themselves familiar with this conundrum, but Patnaik significantly delimits the Keynesian response to this problem as

effective only within a certain range, to keep it within which it possesses no analytical wherewithal. While Keynes is seen as perceptive in recognizing the exogenous determinant of money, the Keynesian system does not exhaust this fundamental exogeneity, it cognizes but cannot staunch the predilection for absolute liquidity preference. While this conforms to a common Marxist intuition about Keynes, the treatment of Marx in this book may in fact come across as somewhat idiosyncratic to Marxians, since it takes what it argues is a feature in Marx – the “hoard” – and theorizes from it to point out what are significant shortcomings in Marx: the inability to analyze capitalism outside of full-capacity output, or for that matter, colonialism *per se*. Nonetheless, Marxians should very much appreciate Patnaik’s spectacular resolution of the value-to-price problem that has so dogged the (unforthcoming) conversation between Marxian and other economic traditions. The distinction that he makes between the “hypothetical chunk of actual historical time” in the Keynesian period as opposed to the “hypothetical chunk of *conceptual historical time*” in Marx – thus allowing him to theorize Marx as getting at a “normal capacity time” within cyclical realization movements – is spectacular, and should be henceforth taught as a required template to read through the pages of *Capital* and the *Theories of Surplus Value*.

Reprising the painful ships-passing-in-the-night conversation between Robinson and EMS, between economist and non-economist, between academic and political strategist, between Keynesian and Marxist, one wonders if, in his sheer dogged fealty to the Marxian text and avowed ignorance of economics as a discipline, EMS had, all those years ago, *in fact hit the nail on the head*: that Robinson had erred (as Patnaik suggests both Marxists and non-Marxists generally have p.114) – in conflating the Marxian transformation problem with (long-run) *Ricardian prices*. That is to say, a transformation where the supply of money adjusts to equalize profit across all sectors, as opposed the Marxian format where the price of money – as a commodity form rather than fiat scrip – is determined by its embodied labour-value in comparison to non-money commodities.

Having worked its way out from the assumptions of the discipline itself to its broad behavior in the world system, the determination of money in this book appears palpably closer to what poststructuralists have termed a “subject-effect.” Money’s exogeneity is shown as pegged to some or the other commodity such as gold or oil, but what becomes clear in this exposition is that this pegging is not a numerical equivalent of a material “essence,” but acts rather as the imprimatur for a coercive element in a (transnational) socializing apparatus. Thus, the British pound’s preponderance – marked by its fixed convertibility to gold – as the ostensible basis for Britain’s status as largest creditor in its empire should not be understood in terms of the Bank of England’s prodigal access to

gold, but that the credit vis-à-vis *any other currency or commodity* was “as good as gold.” The force of metaphor is evident. In other words, it was the price of gold (partially exogenous to its supply) that was the *effect* of the institutional power of Britain to protect its interests rather than the other way round. In the humanities, particularly in aesthetics, this *discursive* feature of money has been talked about in some detail:

[Between 1715 and 1770...] a rather strange mechanism began to work in which England maintained its attractiveness to foreign investors by waging war with France – the reason for the debt in the first place – both in the literal sense, in the commitment of arms and troops, and in a more indirect sense, in the management of interest rates... [I]n light of the fact that peacetime interest rates were habitually lower than those during a period of national aggression... the war situation was dangerously close to an infinite chain of cause and effect, in which the termination of a war could possibly lead to the most damaging defeat for England, even if in point of fact won the territorial war it was, at least on the surface, waging... [A]s the institutional force behind the writing of money^c it would hardly seem fortuitous that the Bank [of England] stabilizes its institutional power and functions during the debt crisis, still less haphazard that the increase in paper money not only accompanies the increase in its institutional power, but also the increase in its discursive power.¹⁴

For scholars invested in the Marxian corpus, two other breakthroughs in Patnaik’s book significantly clear up the theoretical air pertaining to some rather intractable problems:

- a) The first of these amounts to the author’s *denouement* in a long standing interest: the concept of the “reserve army of labour.” The book stringently distinguishes this most important of Marx’s conceptions from more conventional theories of unemployment, whether it be within the Walrasian spectrum such as the NAIRU or Milton Friedman’s “natural rate of unemployment” (both of which in effect amount to *full* employment) or, for that matter, Keynes conception of “involuntary unemployment.” Capitalism is represented not as a *continuous* field but rather as a discontinuous force field strongly determined by aneconomic barriers, rigidities, and restrictions, that ensconce distant labour pools at successively greater degrees of remove. The reserve army thus operates at a structural distance from the normative field of unemployment within the metropole.
- b) Patnaik’s reframing of Rosa Luxembour’s conception of “pre-capitalist countries” is a direct implication of this structural distance. The importance of the pre-capitalist theater, Patnaik avers, is not as Luxembour saw it – as pliant receptacle of demand to absorb oversupply

from the metropole – but one whose *hypothetical availability* in fact produces a *stimulus* for driving up investment and demand in the capitalist countries. Thus oversupply crises in the metropole are resolved not from forced demand-augmentation in pre-capitalist markets, but as a territorial supplement to absorb (and manage) *expectations* and uncertainties about the future. Their availability *as such* confers on capitalism a self-fulfilling role. Capitalism expands because it is assured that it *can* expand, i.e. by the assurance offered by the presence of pre-capitalist markets that additional demand *can* always be made available.

It is this last feature that answers the defining conundrum that Propertyism brings to the fore. If “mainstream” economics has scant tools to keep the economy mainstream, what is it that keeps the system of settlements within the viable range? In contrast to Marx and Luxembour, Patnaik does not see capitalist accumulation as satiating the pre-capitalist field, ineluctably replicating non-bourgeois into the bourgeois mode of production, and eventually transcending the resulting saturation into “socialism.” Given the continuously declining terms of trade for the primary sector, the role of the pre-capitalist theater is that of a “current-balance offsetting role,” a status that is therefore retained for the long run. “The capitalist mode, it follows, is both revolutionary and yet not quite revolutionary enough” (p.209). Its mode of governmentality – to abuse Foucault again – is determinedly of *not* governing fully.

Methodologically circumspect historians tend to steer clear of making predictions. The same cannot be said of the social sciences, particularly in camps where rational expectations theory is the norm. There, failure of historical prediction can mean theoretical failure as well: “economists aren’t very good at making macroeconomic predictions at all... ivory-tower economics has a poor track record of predicting the economy.”¹⁵ Assuming that Patnaik’s book went to press in early 2008, one may very well smile at the following sentence: “The viability of the dollar as the leading currency... arises above all from the expectation that the price of oil in terms of dollars is unlikely to undergo any major secular change” (p.235). And yet, if one reads a paragraph such as the following – and the book is strewn with many such nuggets – the “reality” that Patnaik maintains as secondary to his exposition did not sound so remote at all to this reviewer who wrote it sitting in Obama’s stimulus-driven America:

If money is not a produced good, an increase in its supply through the actions of a ‘Central bank under public control’ does not cause any direct increase in employment. True, it may cause an *indirect* increase in employment since the typical mode of increasing money supply by banks, through the purchase of securities, entails indirectly an increase in the demand for producible commodities. This is because securities represent claims on capital stock, and by demanding securities banks raise the prices

of existing capital assets relative to the marginal cost of production of new capital goods, thereby increasing the demand for new capital goods. All this however is *indirect* and hence of limited effectiveness. Banks have certain limits in countering the 'bearishness of the public,' which Keynes himself underscored through his reference to the 'bottomless sink for purchasing power. (pp.158-9)

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Notes

1. Joan Robinson, *Collected Economic Papers*, Volume II (Oxford: Basil Blackwell, 1960).
2. E. M. S. Namboodiripad, "How Not to Study Marx," *Social Scientist*, Vol. 1, No. 2 (September 1972), pp. 3-14; Joan Robinson, "Marxian Economics Today," *Social Scientist*, Vol. 1, No. 8 (March, 1973), 43-48; E. M. S. Namboodiripad, "On Joan Robinson's Critique of Marx," *Social Scientist*, Vol. 1, No. 11 (June, 1973), 18-31.
3. Namboodiripad, "How Not to Study Marx," 12.
4. Prabhat Patnaik, *The Value of Money* (New Delhi: Tulika Books, 2008).
5. "A Short View of Russia" (1925), *Essays in Persuasion* (New York: W. W. Norton, 1963), 300.
6. Antonio Negri, "Keynes and Capitalist Theories of the State post-1929," in *Revolution Retrieved: Selected Writings on Marx, Keynes, Capitalist Crisis & New Social Subjects 1967-1983*, Volume I of the *Red Notes Italian Archive* (London: Red Notes, 1988), 32.
7. Robert Skidelsky, *John Maynard Keynes: The Economist as Savior, 1920-1937* (New York: Penguin Books, 1992).
8. See for instance Paul Krugman, "Who Was Milton Friedman?" *The New York Review of Books*, Volume 54, Number 2, February 15, 2007.
9. "Of course the *weltanschauung* of Marx and Keynes were vastly different, but we are talking here only of economic theory *narrowly defined*, and, as Joan Robinson once said, among different political-ideological positions there may very easily be a common core that is scientific." Patnaik, *The Value of Money*, 178-9.
10. The term is Harold Bloom's. See Harold Bloom, *Agon: Towards a Theory of Revisionism* (New York: Oxford University Press, 1982).
11. Nancy Cartwright, *The Dappled World: A Study in the Boundaries of Science* (Cambridge: Cambridge University Press, 1999).

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12. See for instance, pps. 102-3.
13. See E. Roy Weintraub, *Microfoundations: The Compatibility of Microeconomics and Macroeconomics* (Cambridge: Cambridge University Press, 1979).
14. Peter de Bolla, "The Discourse of Debt," in *The Discourse of the Sublime: History, Aesthetics and the Subject* (Oxford: Basil Blackwell, 1989), 107-109. Also see Mary Poovey, *Genres of the Credit Economy: Mediating Value in Eighteenth- and Nineteenth-Century Britain* (Chicago: Chicago University Press, 2008).
15. Stephen J. Dubner, "Economists Infiltrate the White House: Now What?" *The New York Times* Online, December 1, 2008, <http://freakonomics.blogs.nytimes.com/2008/12/01/economists-infiltrate-the-white-house-now-what/>.