

BOOK REVIEWS

Keith Tribe, *Governing Economy: The Reformation of German Economic Discourse 1750–1840*, rev. 2nd ed. (Newbury, UK: Threshold Press, 2017), pp. 346, £35. ISBN: 9781903152362.

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Reviews of second editions are not common, in particular if we talk, as it is the case, of a book that already deserved several and expressive reviews at the time of its original publication in 1988. Nevertheless, there are several reasons to emphasize the importance of the re-edition of Keith Tribe's *Governing Economy*, starting with the fact that today there are a number of books and articles internationally published or forthcoming on the history of cameralism that remind us how Tribe's original research represents a common point of origin of that literature as well as of the fundamental role it still plays in the current reflection on the subject. Cameralism only partially summarizes the themes developed in the book, but it is undoubtedly the detailed treatment of German economic discourse in the early modern period with an in-depth understanding of the so-called cameral sciences (*Cameralwissenschaften*) that bestows the book's distinctive mark.

The book is now completely reset, with some minor corrections, but without any revision or addition in content, apart from certain updates in the footnotes. It is the same text that years ago had initially a much better reception among scholars interested in the history of political thought than in economics. However, it is important to consider the significant advances over the last decades in the historiography on economic ideas related to, for example, a renewed perception of themes such as mercantilism; the various cross-links of schools and traditions during the eighteenth century; a truly European perspective of the Enlightenment, or the renewed views on that context in terms of translations and circulation of economic ideas. Therefore, it is understandable that when the conditions for a proper reception of the book came to exist and its method had become less unusual within the field of history of economic thought, the book was unfortunately already out of print and very scarce in the secondhand market (whoever has a 1988 Cambridge University Press copy apparently does not want to sell it).

Tribe tells us that it was on the encouragement of István Hont that he devoted himself to produce a text on cameralism for presentation at a King's College (Cambridge) seminar in January 1981, resulting in an article published in the *Journal of Modern History* (1984) and later republished as one of the chapters of his *Strategies of Economic Order* (1995). It also began there a definition of focus on his research that years later would result in the publication of *Governing Economy* (Tribe n.d., p. 1). The book ranges from the systematization of cameral sciences and the definition of a specific normative field within the university framework during the eighteenth century to the development of a new form of economic discourse with the constitution of

Nationalökonomie in a time when “economic discourse was no longer the property of universities, Academies of Science, and Enlightenment periodicals, as it had been in the previous century” (p. 289). This path is comprehensively explored in the book, with a view to offer a detailed understanding of the transformation of the German economic discourse from 1750 to 1840.¹

The book is a direct result of the author’s research seasons in Germany, which started in 1979 at the University of Heidelberg and continued during the early 1980s, in particular at the Max-Planck-Institut für Geschichte in Göttingen. The importance of Göttingen’s *Niedersächsische Staats- und Universitätsbibliothek* for the research becomes clear in the book’s acknowledgments as well as in the text itself. In addition to the possibility of accessing numerous rare sources (in a pre-Google Books era), the library also becomes an object of interest as evidence of the importance of Göttingen as an intellectual center in the mid-eighteenth century, with its expressive collections in law, politics, and “oeconomy,” including most of the important books in those fields published at the time in French and English (p. 67).

Another important aspect to understand in the book is the articulation of the author at the time with the development of an international project on the development and institutionalization of political economy, which emerged at the Research Center, King’s College Cambridge, and which offered the opportunity for a collaboration between Tribe and Hont. Contributions to the French, German, Italian, and Japanese cases were published by different teams, but the volume planned by Tribe and Hont for the British case (*Trade, Politics and Letters*) did not materialize, resulting only years later in another volume, edited by Tribe and Alon Kadish (*The Market for Political Economy*, 1993), which brought together some of the articles originally planned (Claeys, Hont, Kadish, and Tribe 1993, pp. viii–ix). In spite of the differences of chronological framing, there are important parallels between the general goals of these two projects, in particular in relation to the interesting mix of efforts in the fields of intellectual and institutional history, as well as in deepening a social history of ideas. Another distinctive mark of *Governing Economy* that can be associated to the institutionalization project is a sharp interest in not being guided by a narration of the theoretical innovations in the development of economic ideas, but, on the contrary, staying focused in the processes of inculcation of those ideas, of producing a specific economic pedagogy. In Tribe’s book this is the very ground for the understanding of cameralism’s normative dimension that took shape in a certain set of universities within the Germanic world, articulating conceptions of good order in state and economy that are manifested directly in

¹The basic time framing of the book (1750 to 1840) likewise connects this discussion to Reinhart Koselleck’s notion of *Sattelzeit* (“saddle-time”) as a transitional period into modernity, as well as Michel Foucault, who identifies the later eighteenth century, from an epistemological perspective, as a period of more or less simultaneous movement of transformation of distinct bodies of knowledge, such as political economy, general grammar, or natural history (Tribe 2015, p. 302). Foucault first and Koselleck later were indeed significant influences on Tribe’s work. As for the latter, Tribe was in the early 1980s actually translating Koselleck’s important volume of essays *Vergangene Zukunft* (1979), published in English as *Futures Past: On the Semantics of Historical Time* (1985).

the literature produced with the basic objective of serving as teaching material for the cameral sciences.²

The book is composed of ten chapters, the first one (“Text and Economy”) and the last one (“Historical Economics in Prospect”) serving also as introduction and conclusion, contextualizing the intent and the type of analysis presented and offering important methodological considerations. The search for deepening the account of German economics first advanced by Wilhelm Roscher’s *Geschichte der National-Oekonomie in Deutschland* (which leaves behind the very extensive literature of *Policywissenschaft* and *Technologie* or the *Hausväterliteratur* itself) serves as points of departure and arrival for Tribe’s arguments (pp. 8–9 and pp. 283–284), giving room to his endeavor to offer a detailed reconstruction both of the early history of German economics and of the factors that effectively came on the scene that allowed the constitution of *Nationalökonomie*.

The core of the discussion is presented between chapters 2 and 5, with the intrinsic connection between economic and political dimensions to the emergence of the cameralist discourse against the background of the *Hausväterliteratur* (chapter 2), and the discussion of the contribution of the first half of eighteenth-century authors to promote cameralism to the condition of science (chapter 3), but still without reaching a degree of systematization of knowledge that would be possible only with the contributions of Johann H. G. von Justi and Joseph von Sonnenfels from the middle of the century (chapter 4), thus allowing, finally, an effective institutionalization of a cameralist orthodoxy from specific teaching programs at universities (chapter 5).

In the sequence, chapter 6 shows in detail how the reception of Physiocracy in Germany took place especially beyond the university, never receiving a great deal of attention in terms of the pedagogical concerns of university professors (p. 183). And chapter 7 describes how, in spite of the rapidity with which Adam Smith’s *Wealth of Nations* was translated into German, still in 1776 (p. 186), the effective reception and acceptance of these ideas took more time to happen, explaining how this is an evidence rather than a proper cause of changes in the perception of forms of economic order that would give room for the *Nationalökonomie* (p. 207). Chapters 8 and 9 give an account of the basis for this transformation.

As Tribe explains, in analyzing these textbooks, the focus was not on the identification of sources and influences or in the search for original arguments, but rather in the reflection on how these books were actually read and criticized (p. 125). Nevertheless, very interesting examinations of sources and original debates behind the works are also there (even if to insist on the point that they are not essential for the analysis of discursive structures). This is the case, for example, with the discussion of the influence of the Forbonnais on Sonnenfels (pp. 110–123), showing how Sonnenfels’s main textbook (*Sätze aus der Polizey-, Handlungs- und Finanzwissenschaft*) is connected to *Éléments du commerce*, but also clarifying how the objective and focus of the books were

²Already in *Governing Economy* Tribe was interested in the “way in which economic language is actually used” rather than in having the narrative guided by an attempt to identify the progressive advances (“from darkness to light”), which tends to turn the history of economics into a kind of Whig history (pp. xi–xii). This perspective would gain more and more space in the work of the author, as can be seen in his recent book *The Economy of the word* (2015).

different (p. 123), or in highlighting the extent to which the reading of the Baron de Montesquieu's *De l'esprit des lois* is reflected in the additions included in the second edition of Justi's *Staatswirthschaft* (pp. 102–103).

A very extensive set of treatises and textbooks are mobilized throughout the book in an effort to explain the nature of the cameralist pedagogy. Because of the very nature of the books, the arguments presented were not intended to reflect the actual practice of the management of the territorial states by the cameralist officers, but much more as good government was “supposed to work,” which “was always more aspiration than reality” in the administration of the state (p. xi).³ Nevertheless, some of Tribe's attempts to categorize and classify themes to organize the exposition of these textbooks by diverse writers such as Justus Christoph Dithmar, Daniel Gottfried Schreber, Georg Heinrich Zincke, Justi, and Sonnenfels make the final picture in a certain sense more connected than in fact one can perceive from the original texts. Tribe's effort, for example, in chronologically presenting the organization and subdivision of Justi's work topics throughout the different editions of his main books is certainly remarkable. However, Tribe himself cannot resist arguing at one point that “Justi has a way of describing different divisions of a subject as being in turn the ‘heart’, ‘soul’, ‘essence’, ‘foundation’, and ‘basis’, turning an apparently well-ordered classification into an extended list of ‘most important’ elements’ in which each is supposedly the foundation of the others” (p. 106).

Nevertheless, the text and the language itself of these manuals, with many repetitions and hyperboles, are a central dimension of the analysis and offer a powerful tool for the understanding of German economic discourse in the eighteenth century. Tribe's research interests over the last thirty years have been increasingly directed toward a deep understanding of economic discourse and language. In other words, it is an effort of (re)thinking the history of economic thought as a history of economic language itself (Tribe 2015, p. 297), by means of a sophisticated combination of philologically oriented lenses to help compensate for the many aberrations in the images formed before the eyes of the historian.

Tribe's care and precision in the elaboration of his work give his books an interest that surpasses the theme in question and allows us to reflect on the very historiographical making in our field. *Governing Economy* has this distinctive kind of mastery. This new edition will continue to reward readers who carefully navigate its pages with inspiring insights into German economic discourse and much more.

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³Since the focus of the book are the textbooks and the economic pedagogy that can be understood from them, one might suppose that there is a marked contrast here between theory and practice. The book actually deals with the academic dimension of the phenomenon and not with the administration itself, but it does so without incurring any simplistic dualism. The need to overcome this simple contrast and to perceive more subtly how the “practical” work of administration includes a mix of formal and informal knowledge or how cameralist sciences rather offer a set of “principles” than a theoretical system (Tribe 2017, p. 266) is one of the points he insists on and clarifies in his concluding remarks to a volume exactly on the topic: *Cameralism in Practice* (2017), co-edited with Marten Seppel.

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Tyler Beck Goodspeed, *Legislating Instability: Adam Smith, Free Banking, and the Financial Crisis of 1772* (Cambridge, MA: Harvard University Press, 2016), pp. 224, \$39.95. ISBN: 9780674088887.

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Legislating Instability is a short book grounded on impressively long primary sources research. It is a detailed, documented analysis of the effects of the changes in banking regulation that took place in 1765 in Scotland. Among the effects, Goodspeed demonstrates, was the Scottish financial crisis of 1772. The 1765 regulation included provisions that Adam Smith saw as beneficial. Goodspeed proves that Smith was wrong to support these measures. All three provisions that Smith advocated in the *Wealth of Nations*—usury laws, abolition of the optional clause, and a ban on issuing small-denomination notes—contributed to, rather than deterred, financial instability.

In the second half of the eighteenth century, Scotland was a small developing country with a fixed exchange rate, and very rapid economic growth connected in part to large infrastructure development and foreign trade. The local banking system, with its free entry in the private notes-issuing market, was able to manage this fast growth with innovation and adjustments, thanks to its intense competition.

The two major chartered banks of Edinburgh attempted to reduce competition through regulation. The 1765 banking legislation was the result of intense lobbying of all the interested parties. Legislation was drafted by the parties directly involved, creating, in the way Goodspeed describes it, almost a textbook case of regulatory capture: it prohibited the issuing of small-denomination notes and it abolished the optional clause, eliminating two financial safety valves and therefore introducing more instability.

The prohibition of small-denomination note issuing caused de facto a reduction in competition, raising barriers to entry. The small notes were promissory notes used by suppliers and employers. They filled a vacuum in the market. Their elimination not only created a shortage of means of payment but also, and most importantly, imposed, in practice, higher capital requirements for banks. This meant that fewer and larger banks could now enter the market. And, in combination with the abolition of the optional clause, it increased balance-sheet risk and the likelihood of bank failure.

The optional clause, the clause that allowed banks to temporarily suspend convertibility of their notes, was actually never used domestically, but it served as a deterrent against raids by rival banks. Domestically it functioned as a deterrence against over-issuing.