

INTERNATIONAL AFFAIRS FORUM

The Story of Political Economy

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When we return to the earliest beginnings of political economy as a social science, we are not, in fact, returning to a series of neatly arranged economic theories, nor to a neutral body of ideas concerning production, exchange, and wealth. To return to those beginnings is, rather, to enter a historical moment in which Europe was rediscovering and reorganizing the world in which it lived; and this necessarily involved redefining the human being, labor, nature, power, and time itself. From the seventeenth to the nineteenth centuries, political economy was not simply an emerging science; it was part of a much wider process of producing a new conception of society and constructing a new language through which society could be understood and governed. For purely methodological reasons, we must state clearly here that what we are about to tell begins and ends with the narrative of the European historian, who has traditionally written the history of the world beginning with the history of Europe. At that time, the old feudal structure in Europe was gradually disintegrating. The arteries of trade were expanding and extending across the seas; commercial wealth accumulated and money became increasingly concentrated; speculation became more active; power became increasingly concentrated within the modern centralized state; and private property began to acquire its new legal form.

With this enormous transformation came the need for a different kind of knowledge; a knowledge that would not be content with describing virtues or offering moral advice to the ruler, but would seek to understand the movement of society itself, to measure it precisely, and to uncover its objective laws. It was within this historical setting that William Petty (1623–1687) appeared as one of the earliest thinkers to provide political economy with its initial materials. His background in medicine and anatomy was not merely an incidental detail of his biography; it left a deep mark on the way in which he understood society. The human body, which the physician studies through its functions and internal relations, became, for Petty, an implicit model for reading the social body. This is where his idea of “political arithmetic” came from. Value, wealth, population, production, distribution, labor, taxation—all became facts of everyday life that could be counted, measured, and compared. With Petty, the modern state began to acquire some of its most important instruments, above all the capacity to transform social life into numbers, and then to transform numbers into policies. Policies, in turn, could be translated into numbers.

When Petty wrote that “Labour is the Father and active principle of Wealth, as Lands are the mother,” he was, in effect, laying one of the essential foundations for a new ordering of the relationship between human beings and the material world. Labor assumed a new place in the explanation of wealth, while nature became a resource capable of being administered and of creating new productive capacities, or expanding

those already in existence. Yet society, at this stage, remained closer to an object of statistics and organization than to a subject of inquiry into historical development and its dialectical relations.

If Petty was concerned with measuring society, Richard Cantillon (1680–1734) was concerned with understanding its internal movement. Here, for the first time, the idea appears more clearly that economic activity possesses a system of its own, a system that cannot be reduced entirely to the will of the state or to the legal structure. In his *Essay on the Nature of Trade in General*, Cantillon presented society as a network of individual decisions, expectations, risks, and continuous processes of redistribution. Prices move, resources shift, and incomes change as a result of processes over which no single center exercises complete control. Within this world emerged the figure of the entrepreneur.

This figure was not defined by traditional social status, but by the ability to act within a world of uncertainty. The entrepreneur buys at a price without knowing the future price of his output; he moves within changing probabilities and rearranges the elements of production in the hope of realizing a surplus. Here, time entered political economy in a new way. The future was no longer simply something to be awaited; it became a field for calculation, estimation, and investment. Yet this intellectual development carried something deeper with it. The more the market acquired the appearance of a self-regulating system, the more the historical circumstances that had produced that market receded into the background. The dispossession of land by force, the reshaping of property relations, and widening social inequalities all became less visible within theoretical explanation.

Then came the Physiocrats, with François Quesnay (1694–1774) in particular, to give this conception a greater degree of structure and completeness. Quesnay, the personal physician of King Louis XV, once again brought the mind of the physician into political economy. The search was now for the regular circulation running through the veins of society, just as in the human body. In his famous *Tableau Économique*, Quesnay made the first comprehensive attempt to draw the movement of wealth through society as a cycle of the reproduction of social production. Yet Quesnay's real importance was not confined to this table. He gave nature an entirely new place. Agricultural activity became the sole source of the net product, and agricultural labor became the only productive labor. The state, meanwhile, acquired its legitimacy from its conformity with what was considered a natural law existing prior to political legislation. Hence the famous Physiocratic maxim: *Laissez faire, laissez passer*.

This did not mean the disappearance of the state. It meant, rather, redefining its role as the strong guardian that guarantees the proper operation of the natural order. In this way, political economy reached, with the Physiocrats, an advanced degree of consciousness of itself. A first image now appeared before thinkers: a society governed by objective laws, in which the movement of wealth was organized according to mechanisms that could be understood and investigated. But this image remained closely tied to land, agriculture, and the idea of the agricultural surplus. What was still missing was a concept capable of explaining the commercial and industrial society that was taking shape. We must mention here once again that we are telling the story of the

European historian, the historian who has written the history of the world beginning with the history of Europe.

With Adam Smith (1723–1790), political economy appears not merely in the form of a more complete theory, but as a comprehensive attempt to understand modern society as a historically moving system. Europe in his time was undergoing a profound transformation: industry was expanding, markets were becoming interconnected, the social division of labor was becoming more complex, and new classes were acquiring increasing economic and political weight. Smith read these transformations from a different angle. Wealth was no longer tied to land and agricultural activity; it was connected to the capacity of society to organize labor, divide it, and increase its productivity.

The famous example of the pin factory was not merely a technical detail. It was an announcement of a new discovery: that the great productive power of society does not lie within the individual taken by himself, but within the social structure that makes it possible for activities to be integrated, distributed, and specialized. And from here labor assumed a central position. For Smith, labor was not merely a physical activity; it was the medium through which society passed into the production of its wealth. For this reason, his analysis became connected to the market as the sphere that links producers to one another through an immense network of mutual dependence.

Smith saw that the pursuit of individual self-interest within the market could produce a broad form of social order. At the same time, however, he did not deal with the market as a sacred or infallible force. We find in his writings his concern with monopoly, with combinations among people pursuing common interests, and with the effects of the division of labor upon the human being himself when he becomes merely an executor of a repetitive, partial, and limited movement. For this reason, reading Smith as an absolute advocate of free markets reduces his project in a way that does historical injustice to him.

Smith did not express a particular class interest, nor was he a servant or priest of any particular system. He was an encyclopedic thinker. His entire philosophy and all his reflections arose from his cautious confidence in the capacity of the market, according to natural laws, to guide the social order toward equilibrium; and he proceeded to demonstrate this confidence with a mind moving with the utmost commitment to objective inquiry. And although his successors, Marx above all, understood this and sought to complete his intellectual construction, dealing with his theoretical apparatus with a high degree of methodological awareness, the insistence on corrupting Smith's thought and interpreting his texts as saying what he never said has become a rather absurd phenomenon, particularly in academic textbooks.

Then came Ricardo (1772–1823), who understood Smith well, and shifted the point of concentration once again. The fundamental question for Ricardo was no longer how wealth is produced, but how it is distributed. Who receives the social product? What is the relation between profit, wages, and rent?

Ricardo thus moved political economy one step further with respect to the object of the science itself; or, at least, he reconsidered and went beyond the object of political

economy in Smith. He rejected the idea that political economy was a science concerned with the nature and causes of wealth, as Smith had understood it, and held instead that the fundamental problem of political economy was to determine the laws governing the distribution of the value created by labor; that is, to uncover the objective laws governing the distribution of value among the social classes participating, and perhaps even those not participating, in the process of production: the landlords, the capitalists, and the workers. "The principal problem in Political Economy," Ricardo wrote, "is to determine the laws which regulate this distribution."

Although the important writings of Turgot, Stewart, Smith, Say, and Sismondi had developed political economy as a science, Ricardo considered that they had contributed little to our understanding of the natural course of rent, profit, and wages. By tracing incomes—specifically wages and profit—back, as Smith had done, to a single source, namely labor, Ricardo arrived at the conclusion that the interests of the classes contradict one another. This contradiction exists not only in the sphere of production, but also in the sphere of distribution, where the struggle between the classes takes place over the division of the net social product. Despite the difference between Smith and Ricardo in this respect, both began their analysis of the object of the science with a theory of value. Here political economy entered a higher level of abstraction.

In Ricardo's analysis, society appeared as an arena in which the laws of distribution operated with a degree of rigor approaching a mathematical structure. Rising wages put pressure on profits; rising rent reshapes the distributional balance; and the accumulation of capital is subject to internal constraints. From this perspective, social classes acquired a much clearer presence within the analysis. Landowners, capitalists, and workers were no longer merely descriptive categories; each had a determinate economic position and a distinct interest. This is why Ricardo's theory of value acquired an exceptional importance.

Labor was no longer simply a general source of wealth; it became a theoretical measure through which the internal relations governing exchange and distribution could be understood. Yet Ricardo's framework remained within the limits of the capitalist system, which appeared as an existing historical horizon, implicitly accepted and understood. At precisely this point, Marx must appear.

Marx (1818–1883) set himself the task of uncovering the objective laws governing the operation of the capitalist system. To achieve this, he had to reconsider the thought that preceded him: the economic thought of the Physiocrats, François Quesnay in particular; the economic thought of Adam Smith and David Ricardo; and, above all, Ricardo, whose most important ideas and conceptions Marx adopted at some of the most intellectually important and most dangerous points in his theoretical system in *Capital*. It can be said that political economy reached, with Marx, a great turning point.

The questions that had begun with Petty around the measurement of society, had taken shape with Cantillon as the self-movement of the market, had crystallized with Quesnay in the form of the natural order, had expanded with Smith into an explanation of social wealth, and had been transformed with Ricardo into an analysis of distribution and value—these same questions return with Marx, but within a radically different framework. Marx did not treat political economy as a science that discovers eternal

laws of social life. He treated it as the highest theoretical expression of a particular historical mode of organizing production and life.

Here appears the paradox that gives his project its uniqueness. Marx took from his predecessors their fundamental tools and absorbed their internal logic to such a degree that he was able to push their political economy to its furthest point. He took the centrality of labor from Smith, the theoretical construction of value and distribution from Ricardo, and then reintroduced both into a broader historical movement. Labor, for Marx, was no longer merely a source of wealth; it became the relation through which the entire social world is produced under capitalism.

The commodity was no longer a simple economic object through which people exchange their respective advantages; it became the form in which relations among human beings appear in the form of relations among things. From here came one of Marx's most important ideas: capitalism does not dominate human beings through direct force alone, but through social forms that appear natural and neutral. The wage appears as the price of labor, while concealing a more complex relation. The market, which may appear as a vast and open space of free exchange, remains governed by determinate historical conditions. Value appears as a property of things, while in reality it rests upon a specific social organization of labor. For this reason, Marx's objective was not to produce an economic theory to be added to the theories already in existence. His objective was to reveal the historical character of the world that these theories present as a natural world. And here the concept of capital acquires its real meaning. Capital, for Marx, is not a mass of money, machines, or property. It is a social relation that moves through time and continuously reproduces the conditions of its own existence.

Every expansion of production creates, at the same time, new contradictions. It creates a greater concentration of wealth, a higher degree of complexity in the social division of labor, and an expanded capacity of society to produce; alongside all of this, however, comes a corresponding expansion of inequality, alienation, and crisis. At this point, the language of political economy as a whole changes. After beginning as an attempt to measure population and wealth, then becoming a science of economic movement, then a theory of the natural order, and then an analysis of labor and distribution, it finally becomes a question about history itself.

How are economic forms born? How do they impose themselves as natural necessities? How do they become capable of being transcended? And how can they actually be transcended? In this way, taken together, Petty, Cantillon, Quesnay, Smith, Ricardo, and Marx reveal a picture quite different from the traditional narrative that presents the history of economic thought as though it were a chain of cumulative discoveries. What appears here is instead a long process of constructing a new way of seeing the world.

It was a way in which legitimacy gradually moved from lineage and divine right toward labor and production; from inherited privilege toward property and contract; and from authority exercised through the sword toward authority exercised through numbers, tables, and theories. This is where the importance of returning to those beginnings lies.

Not because the past contains ready-made solutions, nor because the early pioneers had the final word, but because many of the concepts that today appear self-evident and neutral—labor, production, the market, growth, value—emerged through a long history of conflict, reconstruction, and justification. Returning to the moment in which these concepts were born is therefore one of the few ways of seeing the modern world as it was being formed before our eyes.

And it is precisely here that we can understand why political economy, despite all the theoretical divisions and methodological transformations it has undergone, has retained an exceptional position within modern culture. The issue concerns the way in which society understands itself, and the way in which it defines what counts as wealth, what counts as labor, what counts as production, and who has the right to make decisions within the process of reproducing life as a whole. This was never merely a question of prices, taxes, or the allocation of resources in the narrow technical sense.

Political economy emerged at a moment when Europe was reorganizing its relationship with nature, time, and power. With every historical transition, it reproduced its vocabulary and changed its center of gravity: from land to labor, from labor to exchange, from exchange to capital, and from the description of economic movement to an inquiry into the very conditions of its existence. For this reason, it is not enough to read the texts of Petty, Cantillon, Quesnay, Smith, Ricardo, or Marx merely as documents belonging to the history of ideas. They also belong to the history of the formation of the world in which we continue to live. The contemporary human being still speaks the language formulated there.

When progress is measured by rates of growth; when time is transformed into productivity; when nature is understood as a resource; and when human beings are redefined according to their positions within the process of production, the echoes of that foundational moment continue to operate clearly in the background, even when they appear, on the surface, to have disappeared. The question that imposes itself upon us today is not simply whether that language is right or wrong, but whether it remains capable of explaining a world whose conditions have changed, whose contradictions have expanded, and whose forms of power have become so deeply intertwined that they have gone far beyond the horizon within which the early founders operated. At this point, returning to the history of political economy becomes an act of critique par excellence. For understanding how this discourse was formed opens the way to thinking about other possibilities for life, labor, wealth, and the relationship between human beings and the world.

About the author

Muhammad Adel Zaky is an Egyptian researcher specializing in the history of economic thought. He is the author of *Critique of Political Economy*, a book that has gone through six editions. His research explores the evolution of economic ideas in relation to social and historical change.