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THE UNPUBLISHED MANUSCRIPT
ON ART BY LÉON WALRAS AND THE INTERVENTIONISM
OF THE NEO-LIBERAL GOVERNMENT

This study has focused on the reading and analysis of Walras' first unpublished manuscript, *The Philosophy of Art*¹. The first chapter is called *Synthesis of the Ontological Fact*: the essay really deals with ontology and art. Walras, in the beginning, shows his necessity to investigate the relationship between what's *real* and what's *ideal*. The manuscript actually starts off with a question: What is there between reality and reason? Two things, according to Walras: «My *senses* reveal phenomena outside, thus stimulating my *exterior* perception; [...] my *conscience*, instead, reveals profound phenomena, inside of me, thus generating my *interior* perception»². From these perceptions, reason moves on to rational speculations. Now, we might say, Walras shows an *empirical* orientation: from the perception of reality we can formulate a rational perception.

In Walras' setting however it's clear that there is some kind of *gap* – that we can call the “rational gap” – that divides, from an ontological point of view, the rational perception from the perception of senses and conscience. He writes: «[Reason] agitates, works and gives rise to some

¹ L. WALRAS, *Philosophie de l'Art*, Unpublished Manuscript (1858), Fonds Walras, Bibliothèque Cantonale et Universitaire de Lausanne.

² L. WALRAS, *Philosophie de l'Art*, op. cit. (my translation).

rational perceptions in me that are inaccessible to both conscience and the senses»³. Then we might say that Walras has an *idealistic orientation* rather than an *empirical* one: in particular, reason creates ideas that are not connected to reality at all; the ideal, then, has nothing to do with the real.

It's more likely that Walras is attempting to reconcile empiricism and idealism.

His *hypothetical synthesis* of the ontological fact starts from the idea of being and reaches the idea of reality after a passage through the ideas of time and space; the *experimental analysis*, instead, starts from the individual, that is the only real and concrete thing, and finally reaches the abstraction of general facts.

Now, the analysis and the synthesis, in Walras' opinion, confirm one another. That's why there is absolutely no way to assert the supremacy of empiricism over idealism (and vice-versa), at least according to Walras' method that strives to overcome this opposition. Reason and reality meet and one confirms the other.

The deductive and rational idea of reality agrees with the idea of reality derived from the process of abstraction. This means that logical reasoning is not the fruit of unrealistic imagination. Then Walras' science can be defined as "rational and experimental", as he himself said⁴.

Walras also asserts that it's not possible to *verify* the theory in reality, but only to *apply* it to reality⁵. In the light of the manuscript on art we can say that this impossibility is due to the ontological difference deriving from the "rational gap"; and we can also assert that the application of the theory is possible, because there is a coherence between reason and reality, ideal and real.

The ideal which starts from an abstraction of reality isn't necessarily a simple description of reality, i.e. the description of something that already exists: reason is autonomous in the formulation of all the logical consequences deriving from assumptions. At the same time, the ideal isn't that far from reality; it is not unrealistic, even if it isn't yet real: it

³ *Ibidem*.

⁴ Cfr. L. WALRAS, *Studies in Applied Economics. Theory of the Production of Social Wealth*, translated and introduced by Jan van Daal, Routledge, London 2004.

⁵ Cfr. L. WALRAS, *Éléments d'économie politique pure ou théorie de la richesse sociale*, in *Œuvres économiques complètes*, vol. VIII, Economica, Paris 1988.

has some kind of an agreement with reality. This is the underlying philosophical position of Léon Walras.

But the question is: what guarantees the certainty of reason with regard to reality?

Walras founds his reasoning upon an *act of faith*. Better, on two acts of faith: «First article of faith: I believe that my reason exists.[...] Second act of faith: I believe in the certainty of my reason. [...] I believe in my reason and in its certainty. That's my faith. I couldn't have avoided this confession: if I didn't believe both in my reason and in its certainty, I couldn't have done anything other than put down my pen and keep silent»⁶.

And we know that he didn't.

Walras has faith in reason - how can we blame him; and there could be something other than God, something that represents the possibility of a great and provident, clairvoyant reason: the State⁷. I'd like to show that this isn't an illiberal socialistic position, where there is the State in place of the market. First of all, the features of Walras' State are not necessarily the features of a national State, rather they belong to every economic and political organisation that intends to govern a society; or to every rational and scientific government that leads society to its ideal condition.

In 1978-79, during his lectures at *Collège de France*, Michel Foucault discusses the passage between classical liberalism and the new liberalism that starts from Walras' studies and arrives up to the last frontiers of neo-liberal theories. Foucault, who often refers to Walras, wants to understand what happened between the first and the second type of liberalism; if it is true that classical political economics represents a strong limitation to political action, while contemporary economics indicates itself as the only possible political thinking and has become the measure and the principle of all political government policies.

According to classical economics, the market functions best without state intervention; according to neo-liberal economics, on the other

⁶ L. WALRAS, *Philosophie de l'Art*, op. cit.

⁷ See P. DOCKES, *La société n'est pas un pique-nique. Léon Walras et l'économie sociale*, Economica, Paris 1996, p. 226 ; R. BARANZINI, «Léon Walras: il singolare socialismo di un marginalista atipico», in M. E. L. Guidi, L. Nichelini, a cura di, *Marginalismo e socialismo nell'Italia liberale, 1870-1925*, Giangiacomo Feltrinelli Editore, Milano 2001, pp.35-66.

hand, government intervention assures all the right conditions for proper market functioning.

Even if the political consequence is always laissez faire economics, there is a different understanding of the market: while in both Smith's liberalism and that of Walras the market economy is defined in relation to exchange and competition, what differentiates them is that Smith focuses on exchange, while Walras defined market economy above all in connection with free competition. And the pivotal issue is the fact that pure free competition is not a natural phenomenon, in contrast with exchange. In its essence and its effects, free competition is never a natural phenomenon; it isn't a spontaneous result of the natural game of appetites, instincts and behaviours.

Foucault, in *Naissance de la biopolitique* discusses the theories of new liberalism; he says: «La concurrence ne doit ses effets qu'à l'essence qu'elle détient, qui la caractérise et qui la constitue. Ses effets bénéfiques, la concurrence les doit non pas à une antériorité de nature, à une donnée naturelle qu'elle porterait avec elle. Elle les doit à un privilège formel. La concurrence, c'est une essence. La concurrence, c'est un eidos. La concurrence, c'est un principe de formalisation. La concurrence a une logique interne, elle a sa structure propre. Ses effets ne se produisent qu'à la condition que cette logique soit respectée. C'est, en quelque sorte, un jeu formel entre des inégalités. Ce n'est pas un jeu naturel entre des individus et des comportements. [...] La concurrence pure ça doit être, et ça ne peut être, qu'un objectif, un objectif qui suppose, par conséquent, une politique indéfiniment active. La concurrence, c'est donc un objectif historique de l'art gouvernemental, ce n'est pas une donnée de nature à respecter»⁸.

It means that free competition encounters a lot of obstacles in reality – especially of a social nature – and these impediments prevent it from developing; even if free competition represents the ruling force behind a whole coordinated system, at least in theory.

Free competition can only produce its effects under particular conditions that must be carefully planned and pre-arranged. If free competition is not a primitive gift, it can't be anything but the result of a long effort. At this point we get to Walras' "Cénonique", a word that deals with the history of the progress and achievements of humanity.

⁸ M. FOUCAULT, *Naissance de la biopolitique. Cours au Collège de France (1978-79)*, Seuil/Gallimard, Paris 2004, pp. 123-124.

This is one of the reasons why, according to the recognized historian of western thought, Michel Foucault, contemporary, neo-liberalism wants to exercise an extremely active control over the government of a society, not in the market, but in all other fields where intervention is required to create the prerequisites for free competition (for example in situations of social, traditional, gender or other imbalance). This means that a rational government inspired by this economic science has to create the ideal conditions to make free competition *real*.

Foucault says with regard to the second type of liberalism: «Il faut gouverner pour le marché, plutôt que gouverner à cause du marché»⁹.

In conclusion: following the philosophical position of Walras in his Manuscript on Art, we could assert that something like free competition is a sort of principle in an ideal system of logical consequences; it doesn't really exist, but it is consistent with reality and it can be applied to it by supreme and clairvoyant reason of the State or the government. According to Walras, if his ideal is "socialistic", political practice has to be liberal in order to create the right social conditions for the attainment of this ideal¹⁰. We are not saying that Walras' State is always intervening in all aspects of society. Rather we assert that the socialism and liberalism of Walras, united by the certainty of reason, correspond to a very peculiar form of State; a State that follows economic rationalism and might be the *harbinger* of the neo-liberal interventionist State – that, after Foucault's teachings – is not an oxymoron anymore.

⁹ Ivi, p. 125.

¹⁰ See L. WALRAS, *Études d'économie sociale*, in *Œuvres économiques complètes*, vol. 9, Economica, Paris 1990.