

**Richard E. Wagner, *Politics as a peculiar business insights from a theory of entangled political economy***

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Richard Wagner's *Politics as a Peculiar Business* is divided into eight chapters, treating different aspects of a paradigm of entangled political-economic relationships. Chapter one situates the theory of political-economic entanglement in a strand of political economy that places governance institutions in the analytical foreground. This is necessary to motivate a transactional analysis of commercial and political enterprises. Chapter two extends this thinking to explain the differences between an additive and entangled approach to political economy. In the latter, the mutual impingement of commercial and political considerations on action within market and political orders is not only permitted, but required to tell a coherent story. Chapter three introduces a systems-theoretic approach to political economy, making an important distinction between robotic and creative systems and arguing that modern democratic polities occupy the second of these. Chapter four, while maintaining that the ultimate object of study for entangled political economy is social relationships, insists that the logic of economizing action is the framework that renders these relationships intelligible.

While the book is not divided into parts, I believe the reader can discern a change of focus in the next four chapters. These chapters still contain methodological insights, but the primary emphasis is on social ontology and the substantive features of social processes. Chapter five focuses on the surface level similarities, and deeper level dissimilarities, between political and commercial competition. Chapter six develops a theory of political catallaxy involving what the author calls parasitic calculation—the attachment of political enterprises to market enterprises which enables the former to cope with scarcity. There are many important insights in this chapter, involving the organizational differences between commercial and political enterprises (e.g., the implications that arise from political enterprises' lack of residual claimancy with transferable ownership), and that political enterprises compete both with market enterprises as well as other political enterprises. Chapter seven focuses on the nature of the transaction in an environment of entanglement.

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Intriguing ideas in this chapter include treating parliamentary bodies as underwriters of political-commercial enterprises using taxpayer resources, and examining the struggle for control over the ‘commanding heights’ of monetary and credit policy through the lens of evolutionary adaptability and survivability. Finally, chapter eight considers broader social philosophic questions concerning the tensions and conflicts that naturally arise when individuals choose to live and conduct some of their enterprises in concert. In combination with the positive analysis in preceding chapters, the author’s consideration of various manifestations of the ‘moral imagination,’ and the kinds of social orders onto which they map, show that we must move beyond constitutional craftsmanship if we are to secure and retain ordered liberty.

In the Preface, the author makes clear (p. viii) that his treatment of entanglement is not meant to be only analogical. There is more to the theory of entangled political economy than just noting superficial similarities to, say, particle physics. In this, I believe, the author has succeeded. He has devised an intriguing theoretical framework and applied it to interesting issues in public choice and public finance, and I am comfortable recommending it to all scholars working on these topics, broadly conceived. The transactional character of the author’s framework allows scholars to keep the cornerstones of social science, namely purposive behavior and a tendency towards the exhaustion of gains from trade, while applying them in a genuinely catallactic manner, much as market process economists did for commercial entities. This approach can advance political economic scholarship in many areas, but I believe the most promising will be in the study of bureaucracy and the bureaucratic-administrative state.

Traditional models of bureaucracy focus on the implications of economizing action within bureaucratic institutions, such as lack of economic calculation and a tendency towards budget exhaustion, and reduce outcomes to a direct function of these aspects. However, these theories leave important phenomena unexplained. We do not yet have a convincing theory that can explain the ‘autonomy’ of bureaucracies from the controls—in Western democracies, the ‘will of the people’ filtered through elected representatives—that supposedly exist on bureaucratic behavior. This is puzzling, since these controls ought to follow from the bureaucratic constraints, and hence bureaucratic institutions, within which bureaucrats operate. This suggests a single theory should be able to account for both phenomena.

Entanglement between political and economic enterprises can achieve this. It retains the traditional bureaucratic calculus to explain well-known phenomena such as budget exhaustion, but also allows us to understand that public policy outcomes *emerge* out of the interaction between many, many public agents. The modern bureaucratic-administrative state is an order, much like the market is an order.

The author’s approach gives us the first explicitly-formulated framework for apprehending what in the popular press is called the “deep state,” wherein the daily churning of governance and public policy become uncontrolled by any organization or group of organizations, including the formal branches of government. The author’s theory thus provides a new bridge between the behavior of bureaucracies and the behavior of parliamentary institutions. In some contexts, this can be a complement to more familiar Leviathan models of public behavior, but on important margins I view it as a substitute. Rather than choosers of policy, parliamentary institutions become underwriters of public, or joint public–private, ventures. In fact, it would be more accurate to view the underwriters as members of parliamentary sub-committees, with the underwriting process unconnected with any notion of collective choice by parliamentarians. The theme is that

the public sector must ultimately be understood as a group of interacting organizations, rather than a single organization with the capacity to choose.

Understanding these phenomena are valuable in and of themselves, but the author's approach also suggests novel insights for the practice of constitutional political economy. Of particular note to scholars interested in understanding political-economic processes, but who also are normatively attracted to the ideal of a society of ordered liberty, the author's approach suggests that 'getting the constitutions right' will ultimately be ineffective. Formal constitutions cannot truly bind, not just because social contracts will necessarily be incomplete and hence cannot cover existing contingencies. Instead, what the author suggests is that the entrepreneurial element in public-private interactions will create new scenarios that are categorically different to the scenarios existing meta-rules were intended to govern.

Ultimately informal constitutions rule, but informal constitutions are not objects of choice, and the autonomy of political enterprises will ensure that an element of novelty, for good or ill, will always perturb existing systems. Thus an important, but neglected, realm of political economy lies in the analysis of specific informal constraints, such as norms (Stringham 2011; Stringham and Hummel 2010), rhetoric and attitudes (McCloskey 1998, 2016), and the 'moral imagination' (Babbitt 1979). How these social institutions, which operate at a deep level, map on to political-economic outcomes is not only a legitimate research area suggested by the author's work, but one of the most important. When joined with more conventional price theoretic tools, these concerns, when filtered through the author's framework, point towards a broad but thematically unified research program capable of yielding satisfactory answers to not only existing political-economic arrangements, but their development and qualitative change as well.

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