

# Chapter 7

## Spinoza

### ABSTRACT

*This chapter argues that sovereignty, as envisaged by Spinoza, is the logical foundation for constituting polities in the 21st century. Constitutional constructs such as sovereignty weave an evolutionary dialectic between different organizational scales (the local, national, and global). This dialectic continues to wreak havoc at the local scale, and can be interrupted only through explicit constitutional constraints on the size of jurisdictions. The chapter argues for more emphasis on constitutional orders in the spirit of Spinoza's understanding of sovereignty. This entails preference for federal policies in which sovereignty is shared between different cities rather states where once capital cities dominate.*

### INTRODUCTION

An earlier version of this chapter appeared in the *Journal of Philosophical Economics*. See Gussen (2013). In *The Calculus of Consent*, Buchanan and Tullock (1962) state that the political ideas of Baruch Spinoza, “in many respects ... may be taken as the most appropriate chosen classical precursor to [constitutional economics]” (p. 313). Notwithstanding this endorsement,

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the authors do not investigate Spinoza's rendition of sovereignty. Instead, they point out that:

*Spinoza's influence on our own ideas has been limited to his general and indirect effects on the Western intellectual tradition. In a specific sense, we have carefully reviewed Spinoza only after the completion of an initial draft of the main body of this book [The Calculus of Consent]. (Buchanan & Tullock, 1962, p. 313)*

In *The Calculus*, one of the foundational works in constitutional economics, the word 'sovereignty' appears only four times; two of these appearances are in the appendices, and not as the subject of analysis but as a reference point for the models therein. A similar marginalization of sovereignty can be seen in recent works. For example, in a monograph entitled *The Calculus of Consent and Constitutional Design* (Dougherty, 2011), the word 'sovereignty' appears only once—in the introduction. This is problematic not only because sovereignty is closely related to the evolution of the state, but because, through the temples of constitutional order, sovereignty became the shaman of all economic activity (Beard, 1935).

Sovereignty is a fundamental pillar of the capitalist world-economy. Mercantilism led to the first constitutional rationalization of the exercise of sovereign power as a practice of government (Foucault, 1991). Later, the nation-state, through its legislative monopoly, became indispensable to the conduct of economic enterprise. Probably the strongest evidence of the link between sovereignty and economics comes from the idea of legal tender and the historical evolution of (national) territorial currencies. The same can be said about the rise of central banks and their influence, through sovereignty, on economic activity. Some would argue that the tendency to grant independence to central banks and the creation of non-national currencies such as the euro signify the increasing irrelevance of sovereignty (Helleiner, 2003). However, a quick glance at the European sovereign debt crisis (which continues to unfold since 2009) shows why such logic is wanting. In fact, the current drive within the European Union for economic integration (through the euro) is matched with a similar political integration (Halleberg, 2011). If anything, this suggests a resilient link between economics and politics. Even the analysis of what some theorists perceive as the 'decline' of sovereignty is also framed in reference to economic systems, in which the 'decline' of sovereignty today is seen as a "sign of the acute crisis of capitalism as an historical system" (Wallerstein, 1999, p. 33).

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