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Mitchell-Innes in Egypt: Colonial Rule and the Credit Theory of Money

Alfred Mitchell-Innes's essays "What is Money?" (1913) and "The Credit Theory of Money" (1914) have been labeled as a seminal moment in the history of economic thought both by his own contemporaries and more recently by scholars attempting to rethink the connections between society, economics and finance in the wake of the financial crisis of 2008. Within this history, Mitchell-Innes is portrayed as a moment of clarity before the rise to dominance of neoclassical economics and the resulting fissure between the reality of economic life and the abstractions of economic theory. However, this narrative largely ignores the performative nature of economic theory and its relationship to the projects of imagining and ordering collective life in the twentieth century: rather than describing social reality, economic theory has participated in its construction.

This paper explores the roots of Mitchell-Innes's credit theory of money in the agricultural credit schemes of the colonial regime in Egypt to examine how his theory participated in constructing the modern bifurcation between politics and the economy. While merely footnoted in his intellectual biography, Mitchell-Innes served for over a decade between 1890 and 1908 in the colonial administration as a financial adviser and Under-Secretary of State for the Egyptian Ministry of Finance. However, the linkage between the problematics of colonial rule and his theory is not coincidental. His theory emerged from a series of experiments conducted by colonial administrators to reimagine and reorder rural Egyptian society by providing new forms of credit to small landowning agriculturalists. Culminating in the establishment of the Agricultural Bank of Egypt in 1902, these experiments conscripted agricultural labor into new liberal regimes of work and productivity as well as enabling a centralization of calculation around new institutions of administration and finance.