Market Society
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Markets and Modern Social Theory

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Polity
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Introduction

Ideas of the market play a primary role in contemporary approaches to social and economic organization. Whether within the neoliberal restructuring of advanced capitalist economies, the economics of transition in post-communist societies, or programmes of structural adjustment in developing regions, market models have in recent decades dominated the strategies and the rhetoric of social and economic governance. In an extended way, a market logic has come to provide a means of thinking about social institutions and individuals more generally, such that notions of competition, enterprise, utility and choice can be applied to various aspects of people’s working lives, access to public services and even private pursuits. Different versions of the market are invoked in an array of sites: from the practical concepts of the advertising agent (‘what is our market?’), to the health manager applying a market model to relations between hospital departments, to the formal calculations of econometrics. If it is sometimes hard to see how these different markets relate to each other, it seems clear that the market idea goes beyond models of economic co-ordination to touch on broader principles of social regulation and social action.

This book examines key ways in which markets have been conceived within modern social theory. In thinking about ‘market society’, we are concerned with markets and market relations as frameworks for understanding social order. The notion that market exchange can provide an organizing principle for diverse spheres of social life – if this has been especially prominent within recent neoliberal politics – has a rather long history. The emergence and extension of market forms is central to accounts of ‘modernity’, such that the contemporary world could be viewed as ‘a whole society
embedded in the mechanism of its own economy – a market society’ (Polanyi 1977: 9). Modern social theory, moreover, has had an enduring concern with the origins and limits of order in complex societies: in this context, markets have appeared as both problem and solution. To certain thinkers, market relations exemplify the competitive struggle between atomized modern individuals; to others, market mechanisms work to secure social harmony between diverse private interests. In either case, a theory of markets always implies a larger theory of social integration and regulation.

Market theory in this sense offers a broad set of responses to the problem of whether and how social processes can be co-ordinated (Thompson et al. 1991: 1). Different approaches to the market have been bound up with competing modern projects – both intellectual and political – aiming to explain and govern the social. These concerns run across the boundaries of different social science disciplines. The history of the social sciences has been marked by struggles to set out distinct areas of inquiry – that of economics from that of sociology, for example; or of sociology from psychology. In the division of labour that resulted, market analysis became the special task of economics, and came to focus on a specific version of order. Put simply, economic approaches to the market centre on the way that networks of exchange between buyers and sellers, mediated by agreements on price, provide an efficient model of allocation under conditions of scarcity. However, an interest in the market as a principle of co-ordination is not confined to economists. Our aim in this book is to take the market seriously as an object of social theory, broadly construed. In the chapters that follow, we consider approaches to markets from a range of theoretical perspectives. Economics, in this context, sits within a larger tradition of thought in which market forms feature as means of explaining social processes and relations.

‘The term market’, as Frances et al. (1991: 6) put it, ‘seems obvious enough.’ Yet this self-evident ring belies the different forms that markets take, and the diverse meanings that attach to the market as an idea. If within modern economics ‘the market’ has had the same kind of axiomatic status as ‘society’ within sociology or ‘culture’ within anthropology, like these other categories it has come under serious criticism. In particular, a range of critiques from within and outside economics have targeted neoclassical approaches to the formal modelling of markets, aiming either to refine the economic analysis, or to shift this analysis into multidisciplinary frameworks within economic anthropology or sociology (see, for example, Ferber and Nelson 1993; Friedland and Robertson 1990; Granovetter and Swed-
berg 1992; Smelser and Swedberg 1994; Stiglitz 1994). The point of the present book is not to rehearse these critiques of neoclassical economics, but to address theories of the market in a more lateral way, in terms of what markets and market behaviour might mean in relation to the production and reproduction of modern social order.

It is not, then, a question of being ‘for’ or ‘against’ markets as such. Our argument is that markets are not simply good or bad, because they are highly variable. We are saying not that one should suspend judgement as to the effects of market failure (or success), or the import of market values in specific cases, but that it is analytically and politically weak to do so carte blanche. There is an important tension here between the complex range of transactions that take place in actual market settings and the market ideal, which tends to focus the attention of its advocates and critics alike. Put baldly, the market is both less good and less bad than is often claimed, because it is a less definite thing than we might think. Part of the reason why market models have been so portable to other areas of social life is because notions of the market tend to be so pliable. A simple model of free exchange between buyer and seller at an agreed price, and the way that such exchanges are knitted into a complex network, opens on to a range of substantive markets, abstract theories and critical ideas. Economists have pointed to the variety of market models within their own discipline (see, for example, Brittan 1988; Hodgson 1988); and other theorists have outlined extended conceptions of markets as social institutions, often in pursuit of larger arguments about the ‘social’ nature of economic life (see, in particular, Polanyi 1957 [1944]; see also Lane 1991). In what follows, we do not pin down a preferred version of the market, but examine how market concepts have been taken up at different moments within social theory as a means of analysing questions of social order, rationality and action.

Modern approaches to markets have frequently turned upon an opposition between pro- and anti-market positions – liberal versus romantic, capitalist versus socialist, populist versus conservative. The neoliberal ascendancy that has taken hold in so many national contexts since the 1970s, the collapse of an ‘actually existing’ socialist alternative, and the global extension of markets in commodities, labour, finance and images seem to render these oppositions untenable. This is not because the market has in some simple sense ‘triumphed’. Rather, such oppositions beg the question of what type of market is at stake in different cases – and exactly which social groups, ideas and programmes ‘triumph’, as it were, in the guise of an abstract market. Recent political and economic orthodoxies treat
markets as self-evident, permanent and incontestable. Imagining alternatives can be difficult given the density and obviousness of an apparently endless market ‘present’. However, taking account of the variety of market histories, of the different ways in which markets have been instituted and analysed, brings into question the inevitability of market ‘imperatives’, the specific forms in which markets currently operate, and the role of market values within political rhetoric and economic ideology.

Plan of the book

The book is organized around those themes and questions that have proved central in attempts to understand markets as broadly social – as well as strictly economic – phenomena. Chapter 1 takes up historical approaches to markets. We begin with market relations as a practical mode of exchange and with the marketplace as a social and cultural site. This substantive conception of markets contrasts with our historical analysis of ‘marketization’ – the complex processes of commodification and monetarization through which diverse aspects of modern social life became integrated into market arrangements. The chapter goes on to consider responses from within political philosophy to the extension of market forms, as a range of modern thinkers from Hobbes and Locke to Bentham and Mill sought to analyse the roots of social order in an emergent market society.

Chapter 2 centres on the market as a more formal model of economic order, examining major perspectives within economic theory. Our interest is in how the ideas of such thinkers as Smith, Walras and Hayek offer reflections on social questions even as they define a specialist field of economics. Modern economic theory has been characterized by market models in which both market outcomes and social order arise from the rational decisions of individuals seeking to maximize their interests. This model of co-ordination and this account of agency have, however, been subject to contest. Here, we consider economic perspectives on market failure and disorder, as well as critiques of market rationality as a model of social action. While assumptions concerning market order and private interests have in this way been open to internal criticism, they have also been challenged by arguments from other disciplines against the very formalism of economic approaches. Chapter 3 examines the efforts of classical sociology to grasp the logic of a modern market society. To what extent – and at what cost – might a social order be founded
on market exchange and on the individual pursuit of self-interest? In different ways, thinkers such as Marx, Weber, Simmel, Durkheim and Parsons criticized market society as promoting a dubious and reductive version of the individual, and of a normative social order.

Chapter 4 considers arguments in economic anthropology and sociology which hold that market behaviour and relations are ‘embedded’ in a wider context of social interaction. Our discussion here focuses on attempts to connect markets to broader accounts of social relations and institutions. Chapter 5 is concerned with problems of political order, examining perspectives on the link between markets and states. We consider how these ideas have helped to shape political and economic arrangements, as competing theories of welfarism, corporatism and neoliberalism have been taken up within changing government programmes for the management of market societies.

Chapter 6 draws on cultural and critical theory to address the variety of connections between economy and culture that have animated modern social thought. These range from enduring concerns that market society debases or destroys cultural coherence and values, to more contemporary concerns with the cultural dimensions of market processes. We examine market forms in relation to different definitions of ‘culture’ – as a broadly meaningful social world; as a distinct realm of aesthetic or expressive practices; and as an increasingly commodified sphere of social distinction and economic value. Finally, chapter 7 engages with the ‘cultural turn’ in contemporary theory, in which markets are increasingly seen in terms of processes of signification and identity. If the emergence and extension of markets have been central to our understanding of modernity, the logic of marketization is even more pronounced in the analysis of late modern social and economic forms.
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The Emergence of Market Society

Introduction

Modern social thought arose in response to the complex transformations that produced the conditions of modernity. From at least the eighteenth century, these transformations have been thought about in terms of such developments as industrialization, capitalism, scientific revolution, the rise of democracy and the modern nation-state, and urbanization. Bound up with all of these is another overriding characterization of modern society as a market society or commercial society: that is to say, one which was increasingly dominated in all its aspects by the monetarized exchange of goods. The new centrality of market exchange seemed to introduce a quite new principle of social order, of social integration and co-ordination, that was both specific to modern societies and tied to its most profound values. Moreover, this new principle of social order was not narrowly economic – though of course it was that, too – but rather promised new patterns of political, social and cultural organization. The notion of market society particularly marks a transition from an older order, literally an ancien régime, regulated by traditional rights and obligations rooted in ascribed status and a cosmological order (the ‘great chain of being’), to one in which social order emerges from the independent actions of autonomous individuals. The individual’s sphere of action was circumscribed solely by their material means and the rationality with which they could deploy their market power. Such a transition could be understood either as the liberation of reason, freedom and progress from the irrational constraints of tradition, or else as the erosion of communal life and the decline of all social values that might stand above the merely economic measure of price.
This chapter explores the emergent social features that have been central to the understanding of modernity in terms of a market society. While we can consider market exchange in relation to a range of types of exchange, market society is characterized by the dominance of one mode. This can be registered in the contrast between markets as places and markets as disembedded processes. As markets came to take on a central importance in the modern West, social thinkers focused on several features that seemed to typify a new social and economic order: an extensive division of labour, commodification and monetary calculation. These developments raised profound issues concerning individual freedom, social values and political order. The latter part of the chapter maps out some of the initial positions taken up within modern social thought, particularly in terms of the relationship between the individual and society.

Markets and exchange

Social life – indeed, human life – is inconceivable without exchange: people are not – nor do they want to be – self-sufficient monads who produce for themselves all that they need or desire. At the limit case, social reproduction depends on the complex forms of domestic provision that allow infants to survive to adulthood: we give our children food. The social forms that exchange may take are enormously diverse, not only historically or cross-culturally, but at any one moment within a culture. Today I might filch some stationery from work, buy food at the grocery store, pay my mortgage by direct debit, invite some friends round for a dinner that reciprocates one they gave me last week, lend money to a friend, donate to a charity through a sponsored bike ride, carry on an email correspondence, get my salary paid, pay my kids’ allowances, be paid by the thousand words for a magazine article while submitting a paper (unpaid) to an academic journal in the hope of promotion, and pay for a shareware licence over the Internet by cybercash or credit card. The list is seemingly endless, and yet all the items on it belong together as recognized ways in which things and services are passed along between social members.

Indeed, a complete categorization of a society’s modes of exchange (just like a categorization of the material culture that is exchanged) would give us a rather vivid map of a particular social order, of its social relations and networks, values and meanings, ethics and cultures. A person’s involvement in the full ‘repertoire’ of exchange