

Why we should stop worrying and start loving ‘The Market’: the Social Sciences’

Response to Economics

PART II

By

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Section 4: The Embedding of the Market

In 1933 Durkheim remarked: ‘the jurist, the psychologist, the anthropologist, the economist, the statistician, the linguist, the historian, all these go about their investigations as if the various orders of facts they are studying formed so many independent worlds. Yet in reality these facts interlock with one another at every point’. Despite his admonition, economists have mainly occupied themselves with ‘rational’ choice, maximizing behavior in markets, leaving the study of ‘irrational’ (affective, habit-forming, deviant, ritualistic) behavior to sociologists and anthropologists. Both the narrow definition of rationality and the division of intellectual labor have been challenged by recent trends in economic sociology and anthropology.

The strong version of the economic approach views the market as a form sui generis, which works according to intrinsic rules and generates its own unique phenomena. A crucial tension then arises along the disciplinary boundaries of economics vis a vis other social sciences. Rather than understanding the *market as a purely economic mechanism*, the alternative approaches view markets as social institutions and market relations as continuous with an extended range of social interaction. These more ‘social’ approaches to the study of economic life, advanced the argument that the *marginalist shift* in modern economic thought had the effect of abstracting or ‘disembedding’ markets from their social setting. In turn, they remind economists of the numerous organizational structures through which market exchanges are enacted – firms, banks, investment houses, shopping centers, corner-shops, factory-floors etc., are instrumental in creating and maintaining socio-economic relations. In short, economic action is a species of social action, and economic institutions are forms of sociation. This is the point of emphasizing the ‘embeddedness’ of the market by sociologists.

I introduce **Karl Polanyi’s** (1957) historicist approach to market exchange, by outlining his arguments concerning the ‘embedded’ and ‘instituted’ character of economic practices. The twin notions of markets as embedded and instituted will frame the discussion that follows. Polanyi’s argument turns on a simple distinction in the meaning of the ‘economic’. On one hand, substantive economics concerns the provisioning of human needs through economic action and interaction. On the other, formal economics relies on models of means-ends rationality derived from the assumption of ‘*economizing*’ behavior under *conditions of scarcity typical of price calculation*. The economy then refers broadly to a material realm of subsistence and in a more limited sense, to a mode of rational cognition. In Polanyi’s view, modern market society is distinctive in bringing these two realms together.

Polanyi identifies three different means of allocation: reciprocity, redistribution, and market exchange, each of which depends on appropriate social conditions and organizational arrangements.

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Reciprocity, for example, is based on relations of symmetry between social actors, while redistribution relies on centralized political and economic structures. By the same token, the kinds of *calculating exchange* modeled by mathematical economists can take place only within the institutional setting of the market. *Exchange oriented to price*, as Polanyi put it, has no meaning outside the larger market system.

Polanyi's own account of market exchange is based on a dual understanding of the market: as a socio-spatial artifact and as a mechanism or 'gadget'. This recalls the distinction I brought up in section 1 [see *Quaderni di ricerca* No 15] about market as place and market as abstract exchange process. Polanyi's arguments, it should be noted, depend on a crucial but contested distinction between 'modern and premodern' modes of economic organization. His insights regarding modern market society arise in large part from the contrast with other economic systems. He draws heavily on Malinowski's studies of the Trobriand Islanders. Their economic system was based on kinship obligations where a man assisted his sister's family, and in turn was assisted by his own wife's brother. Apart from this kinship system of substantive economic provisioning, Malinowski noted more than eighty different types of exchange within Trobriand society. Polanyi is particularly interested in the account of the Kula Ring of gift exchange. Under the kula system, gift and counter-gift were exchanged at different points in time, between designated status-position holders, and in a ceremonial context. The specific gifts offered marked the rise or fall in prestige of the 'big men' allowed to give or receive them and then pass them on at a later point. These gifts precluded the notions of *equivalency* we are accustomed from market exchange.

In drawing on these ethnographic studies and analyses, Polanyi challenged the marketist assumptions of the then dominant economic anthropologists, such as Firth who read Neoclassical models into premodern economies. In turn, Polanyi's own work was to influence a self-consciously 'substantivist' approach within anthropology to the study of economic life. Substantivist has been taken as synonymous with embedded in a specific community.

The import of anthropological accounts of local economies, however has not been limited to observations about exchange as a mode of sociability of the 'tribal community'. Exchange can be conceived not only in terms of specific relations, but also in connection to a stronger and more basic sense of being 'social'. Mauss's analysis of the gift, and later work by Marshal Sahlins (1974) use an expanded notion of generalized exchange to explain the basis of social solidarity. Social order is only possible in this view, given general conditions for exchange, which exist prior to and outside any specific interaction! The pre-contractual elements of social life include, in the simplest terms, the obligation to take part in social interactions and to observe certain rules in doing so.

There are then elementary rules of engagement for any mode of social exchange. Mauss's notion of generalized exchange reappears in Sahlins' conceptions of generalized and balanced reciprocity. While these represent rather different anthropological perspectives, all serve to distinguish between manifest exchanges and an absolute reciprocity that underpins them all. Social and economic life then exists only on the basis of generalized exchange, of the circulation of 'symbolic credit' among many social actors. Such anthropological perspectives go beyond seeing economic activity as embedded in prior social relations, and therefore being potentially disembedded in a market context. Rather, economic and social relations, including instrumental market exchanges are factored into the very foundations of human association and social solidarity.

In his work on social capital James Coleman (1988) famously uses the case of the wholesale diamond market in NYC to typify the setting where social networks, relations of trust, cultural norms and informal sanctions facilitate and regulate economic exchange. The close networks of Jewish diamond traders in Brooklyn, he suggests, offer a kind of security for their trade, doing away with the need for costly and complex forms of contract and insurance. In a different way, non-

market exchanges can involve quite tight degrees of formal calculation. While gift exchange has usually been seen as symbolic rather than economic, it could be argued that its 'non economic' character rests on certain calculations about parity, utility and value. Recent anthropological work on gift-giving in today's societies has considered the calculative rationality that this can involve.

Zukin and Dimaggio in Callon (1998) seek to unpack the notion of embeddedness, arguing that we should examine the different levels on which economic arrangements are actually embedded: culturally, structurally, cognitively and politically. Economic processes – including markets – are embedded in cultural norms and practices, (from destroying a surplus to leaving a tip), institutional structures, (from kinship relations to joint-stock companies), internalized rules and knowledge (from timing a reward to paying a bill), and political and legal frameworks, (from village hierarchies to laws of contract).

I turn to consider different perspectives on the ways in which markets are instituted. The broader conception of exchange poses the question of how market processes themselves are ordered through institutional means. These perspectives arise at the border of economic and sociological discourse – in particular within economic sociology and institutionalist economics. Law is obviously critically important in securing and regulating market relations through forms of contract. Legal contracts establish and maintain market agreements that liberal economic theory mistakes as natural and voluntary. Legal interventions may modify or constrain market behavior, but first help establish stable market conditions. Laws of contract are constitutive of market processes as much as they are constraints on them. Neoliberals sing the praises of private property as the basis of market activity, but property rights themselves must be established within legal frameworks from the Enclosure acts of 18th and 19th century Britain to current conventions of conveyancing. These are not external to market forms, but the preconditions which make market transactions possible.

Additionally, note the status of the modern joint-stock company, which exists as a legal entity *that owns itself*. Shareholders do not own the company's assets, only a share in any profits that are generated; legally, the primary responsibility of management is to work in the interests of the firm and operate it within the law. This takes precedence in the eyes of the law over any responsibility to shareholders or stakeholders. The notion of the firm as a 'person', a unitary agent with its own distinct interests is in this sense shared by both legal scholars and mainstream economists.

The benefit of a solid legal infrastructure for doing business has become recognized not too long ago. **Ronald Coase's** (1960) crucial insight is that there are 'social costs' involved in economic transactions, which are separate from the direct costs of production. The costs accruing to firms and other market actors, involve the social costs of transacting in markets. These transaction costs include the time and money spent searching for information in markets, and the effort of making, maintaining and enforcing contracts. The key point in Coase's argument is that avoiding or reducing such costs has a major influence on how firms are organized and how economic ownership is structured. The hierarchical organizing of large firms is now explained in terms of enhanced market efficiency: it reduces uncertainty, promotes functional coordination, regulates the conduct of individuals, and economizes on the costs of enacting a large number of contracts with different suppliers and services.

Coase remains firmly within a neoclassical framework, taking relative prices as the norm, while explaining economic institutions in terms of how they can maximize efficiency by reducing social costs. Alternative strands of institutional economics such as North's (1990) or Hodgson's (1988) dismiss his focus on market efficiency as the primary explanation for different organizational forms. This body of work owes much to the 'old' institutionalism represented most notably by Veblen, whose approach developed as a challenge to neoclassical assumptions. The more recent accounts share a number of features with his work.

First, they are distinctive in emphasizing the role of power relations in shaping economic organizations. Firms are not seen as unified agents, or corporate personalities, but as sites of competing interests and uneven distribution of power. Second, they conceive economic processes as dynamic and often contingent, rather than merely an issue of rational maximization. Third, they involve an extended definition of what an 'institution' is. Institutions that is, refer not simply to formal economic organizations and structures, but also to the rules, routines, and norms through which economic activity and market exchange are ordered. Institutions shape, in other words, the culture of modern societies!

The emphasis on the rule-governed nature of economic action assumes that people internalize these rules and base their expectations of others' behavior upon them. Whereas market exchanges are coordinated through price, and market relations are 'informal', corporate hierarchies coordinate actions through formal structures of authority that enable organizations to operate more efficiently in an expanded market setting. It might be argued however – following say, Hodgson or Granovetter – that firms or hierarchies involve both formal and informal relations, stressing the role of different kinds of network in coordinating economic action and relations, including more personalized affinities such as trust.

It seems that markets, hierarchies and networks, and their respective principles of coordination – price, authority, and trust, exist simultaneously and in close interrelation. In even the most market-oriented society, the division of labor within production processes inside firms, will account for and govern their largely technical rather than pecuniary concerns, as well as the movement of goods between people. At the same time, relations between firms and even between firms and customers involve issues of trust, loyalty, brand, or personal history that contradict the impersonality of 'pure' market relations.

At this point the work of **Michel Callon** (1998) highlighting the socio-technical side of business practice becomes especially relevant. He also starts out from the standard definition of markets in terms of formal or disembodied rationality. However, in line with both Foucauldian perspectives and Latour's Actor Network Theory, he aims to account for markets without assuming that agents are by nature or inclination given to calculate or optimize. While properly rejecting the simplistic psychological assumptions of economists who take it for granted that people calculate, Callon also dismisses notions of 'cultural influence', the different versions of embeddedness that invoke values, norms and beliefs to explain people's market style calculation.

Rational calculation, he argues, is neither a universal property of human psychology nor a product of culture per se. Rather, Callon looks to the architectonics, so to speak, of everyday market arrangements for clues on how participants in fact calculate. Callon examines how markets are actually constructed through the machinations of a range of social actors, including economists, lawyers and marketing specialists. The economic agent appears and is calculative, because his actions are designed to be calculative. He offers as paradigmatic a case study of the transformation of the table strawberry market in the Sologne region in France. Dealing in this commodity was moved to a new warehouse that constituted a space of calculability and conformed to neoclassical models of perfect competition. The model, he finds, is not realized in terms of an abstract logic of equilibrium, or a native impulse for maximization, but is instituted via a range of equipment and devices: the way goods are displayed, measured and placed within *procedures for relating quantities and prices*. This is no accident: the actions of the local councilor who designed the market were informed by his knowledge of neoclassical price theory which he learned while a student of economics at the university!

Callon sees the relation between embeddedness, and disembeddedness in terms not of an opposition, but of interlinked and reversible processes. Hence for example, in order for an object to become a commodity and object of calculation, it must be disentangled, de-contextualized and detached from its social ties so that it can be alienated and sold, or alternatively, those entanglements need to be ‘internalized’, brought within the frame of market calculation. When goods are disentangled from other social ties and placed in a space where they can be measured, assessed, alienated, etc. Callon describes them as ‘framed’: they are placed in a framework of *calculation*. However, not everything can be framed at once; there is an overflow or in economic lingo, there are externalities. For instance, a firm that produces chemicals may pollute nearby rivers. This environmental effects may not show up as a cost to the producer, and therefore does not enter into the frame of calculation. Through local protests and initiatives, on the other hand, market structures might be reframed to incorporate this externality, disentangling it from wider social environments in order to isolate it as a measurable effect attached to various calculable options and tactics.

And yet Callon argues, disentanglement or disembedding is not such a clean and easy abstraction: the very process of disentanglement actually entangles things in new contexts. For instance, objects do not exist only as calculable commodities, but rather exist in many different contexts and therefore need to be rethought as intermediaries that constantly lead one out of the market into other contexts. In order to reframe local pollution as a cost to the producer, protesters may well end up placing the environment not only within a context of calculability, but also within discourses of restoration and conservation and so on. For Callon the very possibility of disembedded market behavior relies on the institution of various practices, knowledges and spaces. However the disembedding that results is neither all formal nor permanent, but the object of continuous framing and reframing by a wide array of social agents and actors.

For example, the household is not seen in terms of the diverse, changing and even conflicting interests of its members. How the different interests are resolved across lines of gender, age, creed into the expressed preferences of consumer demand, never becomes a topic for the theorist. Yet, issues of social reproduction shape market behavior in rather interesting ways. The trade-off between paid employment and unpaid work at home means that whether women choose to pursue work and of what kind, becomes a tightly economic calculation. In Callon’s sense one might say that the economic decisions of many women with children are more tightly ‘framed’ in narrow calculative terms. In other words, from an economics standpoint, Women’s investment in partnerships appears confined to a conventional division of labor (ie., females provide unremunerated domestic work, child rearing, emotional support). Their investment is hence less flexible or portable than men’s commitment to earning an income. These inequitable commitments mean that women’s bargaining power to change or leave the relation is reduced.

The treatment of households as proxy economic ‘individuals’ implies that decisions are made in this context in rational pursuit of the most efficient economic outcomes. The conventional gendered division of labor then should seem to represent the optimal allocation of family resources, time and skills in order to meet the demands of social reproduction. This conclusion is however, belied by research findings which show unequal divisions of domestic labor to obtain even where men are not in paid employment, or where women are. Different perspectives on gender and markets point to the way that economic decisions are entangled with relations of dependency, affection, custom and power. These factors operate on both sides of a partnership, if not always evenly: in ‘gendering’ accounts of economic life, feminists have at times left the male partner as an unreconstructed economic cipher, while women are out making hard choices in the supermarket or the labor market. Yet, the conception of ‘economic man’ continues to reign supreme.

Section 5: Market as Governance

An analytic differentiation between the state and the market is central both to the forms with which markets have been associated, and to ongoing debates regarding the appropriate extent of government intervention into market economies. Any idealized versions of ‘the state’ and ‘the market’ posit a tension between markets and states while helping to define each others’ practical limits and formal characteristics.

In this section I will be concerned with the order of market as a problem of political order. The consonance between economic theory and political practice is especially evident in the links between Neoliberal economics and New Right governments in the 80’s and 90’s. Marxian and ‘Regulation’ theories of the capitalist state offer a critical counterbalance, though no real alternative, to the mainstream economic view. They merely critique the liberal claim that state and market constitute distinct arenas, and analyze the role of the state within processes of capitalist reproduction. The recent theories of governance and governmentality, finally, represent theoretical approaches to socioeconomic regulation that in fact go beyond any simple separation between market and state.

Within an ideal free-market model there should be virtually no governmental intervention in market processes. In fact, most existing capitalist societies display a much higher degree of governmental intervention in the economy. The emergence of modern market societies brought with it questions about the relation of governance to the putatively ‘free’ operations of market exchange. Liberal social theory is premised on a separation of the political and economic spheres: in this context the market as a private realm of accumulation is differentiated from the state as a public realm of authority.

Remember in Section 2 how Smith’s account in his *The Wealth of Nations* (1853 edition) established the economy as a distinct object of inquiry. For him economic action can not be governed in any wise or even properly informed way. The market economy is understood as distinct from and ultimately impenetrable by procedures of state governance. The portion that remained to government concerned the protection of the realm, the legal system of justice, the erection and maintenance of public works and though, this is less often commented upon, certain public institutions.

Obvious and simple as the system of natural liberty might have appeared, Smith’s argument for laissez-faire in respect to industry and commerce was complicated throughout the 19th century by a trio of rather intractable problems. The first of these was the need to ensure national economic stability in a context of both international trade pressures and the periodic downturns typical of capitalist economies. Second, the development of industrial capitalism saw the organization of a mass labor movement, which rejected a pure model of individual exchange within the wage relation, and based its claims on notions of collective (class) interest and a robust critique of the exploitative nature of capital. Third, rather than securing the general well being, the market economy proved unable to ensure the prosperity of a sizeable minority who continued to live in conditions of abject poverty.

The classical approach did not tackle these concerns directly. Instead, it based its macroeconomic analysis on assumptions aimed solely at the optimization of private economic actors, claiming that, market processes coordinated through competition, achieve eventually a condition of balance between supply and demand via the medium of relative prices. This classical approach to economic coordination was evident in Smith’s free market views on the regulation of grain and in Ricardo’s vigorous opposition to the corn laws. Where the natural law tradition had advocated state regulation of the grain in term of the poor’s natural right to sustenance, Smith

argued that their interests would be better served not by the beneficence of the higher political orders, but via the allocative capacities of the market.

Classical and neoclassical approaches conceive the market as a bounded, self-regulating system with an inherent tendency towards equilibrium. Market fluctuations are explained as 'shocks' that are largely exogenous to the market system itself, whether resulting from natural or human causes. In fact, to the adherents of this view the most obvious and systematic cause of market fluctuations, are ill-conceived policy interventions – government interference and meddling in the workings of the autonomous realm of the market.

At this point I need to provide a brief summary of the economic sociologists' view of **John Maynard Keynes** whose theory was, *inter alia*, a response to the shock of the Great Depression. In *A General theory of Employment, Interest and Money* Keynes (1936) contests the Neoclassical claim of market clearance, arguing that market economies are intrinsically unstable and able to maintain chronic downturn for a considerable length without tending either to equilibrium or to complete collapse. Keynes challenges thereby the Walrasian notion that markets clear in the long run. 'In the long run we are all dead' he famously states.

According to the new orthodoxy that the Neoclassical interpretation of Keynes' macroeconomics came to represent, fiscal policy (tax and public spending) *and* monetary policy aimed at the control of the supply and price of money. According to Keynes, the burden of government is to promote aggregate demand by ensuring full employment through a range of strategies (employer subsidies, public employment programs and so on). Keynesian demand management also applies to times of different economic conditions when the market is 'supply-constrained'. Such conditions obtain in boom periods of peak employment and inflationary growth. Under these conditions, a Keynesian economic policy may also be used to restrain aggregate demand, through increases in income or consumption taxes or hikes in interest rates in order to avoid inflation.

By the 1950's the Neoclassical interpretation of Keynesian macroeconomics, had been fully integrated into a 'Neoclassical-Keynesian consensus'- in which it sat awkwardly alongside marginalist approaches to a microeconomics of choice. This problematic orthodox 'synthesis' was augmented in the 50's by the work of A. Phillips, specifically his concept of an inverse relation, or trade-off between wage inflation and unemployment. This marginal trade-off could be modeled along the 'Phillips curve' allowing policy makers to calculate the inflation rate that would obtain at different levels of unemployment. Strategies for demand management that is, could be informed by statistical data concerning the behavior of labor-markets. The inverse relation held whether policy makers were interested in promoting full-employment or, as it was the case under neoliberal governments in the 80's and 90's, tolerated rising unemployment as the 'price' to be paid for keeping inflation low.

Keynesian-inspired economic policies came under serious challenge in the 70's, and a key influence was the work of Milton Friedman (1956). Two elements of Friedman's work have proven influential. First, he disputes the idea that levels of demand are central to market fluctuations; rather, he claims, the problems lie with changes in the money supply. Friedman's account is based on statistical data supposedly showing that market fluctuations over the long term are linked to changes in the rate of growth of money – as in the case of the Great Depression, when the US Federal Reserve had presided over a decreasing money supply. The upshot of Friedman's arguments is his recommendation, which has been followed, for as little governmental intervention into markets as possible. Second, Friedman questions the state's role in promoting full employment within the market economy. He rejects the idea of a trade off between inflation and unemployment over the long term, arguing that there exists 'a natural rate of unemployment' which holds irrespective of the rate of inflation. While there is, he argues, evidence of a short run trade off

between inflation and unemployment (say 2 to 5 yrs), this is based not on inflation itself, but on unexpected inflation. Unemployment results, Friedman holds, from sudden changes in the rate of inflation that destabilize markets. Although a sudden rise in the rate of inflation might therefore produce short term effects on employment levels, a high but stable rate of inflation will not in itself do so. It is not the level of inflation but the rate of change that matters – Friedman notes that people are given to confusing something that is ‘high’ with something that is ‘rising’.

This points to a key aspect of his own approach: market actors he suggests, not only respond to price signals in the market, but also adjust their market behavior in response to signals from the government. Workers for instance, respond to government measures, such as using budget deficits to push up demand, by factoring these inflationary trends into their wage demands. Inflation would rise without there being a permanent knock off effect on unemployment. Over the proverbial long run, expected inflation adjusts to actual rates of inflation with little impact on unemployment.

Friedman’s monetarism gained particular credence during the period of ‘*stagflation*’ in the 70’s when market economies evinced high levels of both unemployment and inflation, helping to break up the Keynesian consensus on activist demand management. Since Friedman *the lag* between *policy interventions and their real economic effects, and the fact that people rationally adjust their behavior in line with governmental signals, has confounded governments’ efforts to intervene effectively in market processes.* The space left for policy lies solely in the management of supply. That is, governments could promote growth in output and higher levels of employment by fostering productivity in industry and efficiency in labor markets. Such supply side strategies have become increasingly popular since the late 70’s and are primarily geared to making markets in labor, goods, services and capital more ‘flexible’ through programs of deregulation, including the abolition of currency controls, the privatization of national industries, the curbing of trade union powers and the abolition of wage policies and forms of employment protection.

The Rational Expectations school brings the expected rate of inflation hypothesis from Friedman, together with a Walrasian equilibrium model of market clearance. This perspective claims to integrate the assumptions of marginalist theory into a macroeconomic analysis. While standard neoclassical economics has been based on models of utility and maximization in the microeconomic sphere, and a broadly Keynesian approach to macroeconomics, thinkers such as Lucas and Barro use microeconomic assumptions to explain macroeconomic effects. This revised version of Neoclassical economics assumes a strong link between the rational expectations of market actors (whether firms, sectors, or individuals), and real market effects over the long term. Though conceptually lopsided it influences monetary policy today!

NeoKeynesians too have tended to follow the Rational Expectations school and accept the notion of a ‘natural rate’ of unemployment: a commitment to full employment has, alas, been largely abandoned by mainstream economists and their government counterparts by the beginning of the 90s! Like Keynes himself however, the Neokeynesians continue to reject the notion of market clearing. They blame *market instability and price ‘stickiness’* on the fact that supply and demand are slow to adjust to changes in market conditions. Given these assumptions, the nature of state intervention into economic processes has come to be understood in terms of deliberate action from one autonomous sphere directed at another, separately constituted sphere. Such a conception of the relation between states and markets has been challenged, mostly by Marxians.

Marx’s better known observation regarding the capitalist state is that it forms part of a legal and political superstructure, which is the reflection of an economic base. The structuralist approach challenges the one-way influence implied by this claim. Political structures cannot be simply explained as expressions of an economic base. In Althusser’s words, the state has a ‘relative degree

of autonomy' from the economy; while political structures are in the last instance shaped by economic structures, they are not completely dependent on them.

According to Elmar Altvater (1973) the State acts as a form of ideal collective capitalist: it serves to maintain the general interests of capitalist reproduction in contrast to the destructive factional interests that arise from capitalist competition. Such a perspective has interesting parallels with Adam Smith's appeal to the 18th century political elite to protect the workings of the market from those who would distort it in their own interest through the creation of monopolies and cartels, that is, from the capitalists themselves. In a more extended sense for Altvater, the capitalist state has secured the conditions for capital accumulation that the market did not or could not itself provide.

Hayek earlier had rejected a straightforward opposition between markets and central planning, arguing that market allocation should itself be seen as a form of economic planning. Rather than seeing the values of social and economic justice or positive freedom as antithetical to market processes, advocates of a socialized market argue for the pursuit of socialist ends through market means. In line with Hayek's arguments, markets can be seen to provide distinct economic benefits in terms of information, innovation and incentives. In a generalized sense the market may be positively viewed in terms of its potential for dispersing and decentralizing economic power.

Regulation theory (R. Boyer 1990) departs from structuralist Marxist approaches which treat processes of capitalist reproduction as impersonal or self sustaining. Regulationists focus instead on the relation between economic coordination, political regulation and social normalization. The idea of 'regulation' is a mode of intervention which pertains not simply to formal structures of governance or law, or to the 'self-regulation' of capitalist markets. Rather it is concerned with a range of regulatory mechanisms that operate at different levels and in different social and economic domains. These represent broad institutional structures that make up an overall mode of regulation including the monetary system, the wage contract, forms of competition, consumption norms, international regimes and state formations.

Within the regulationist view, the stability of national states and so called Fordist industrial economies has been based on a complex set of institutional arrangements including:

a) corporatist agreements between government, capital-holders and laborers, b) an Atlantic state system, c) production for domestic markets and, d) Keynesian structures for welfare.

In turn, according to the Regulationists, the shift to a Post Fordist 'regime of accumulation' is based on:

1) the breakdown of postwar consensus in government; 2) the hollowing out of the Nation- State; 3) internationalization of corporate ownership, production and distribution and 4) the retrenchment of the welfare provision.

Furthermore, the notion that market measures are supposed to be *deregulatory* obscures the conflation of economic and political regulation that in fact distinguishes neoliberal reforms. To appreciate the notion of regulation invoked here, it helps to compare it to the claim made concerning the difference between governance and government. The notion of *governance* differs from 'government' in that the former is not restricted to the practices of an external public authority, but emphasizes 'private' internalized modes of regulating social and economic life. In this sense government represents the formal or official moment as distinct from the genetic, informal practices of governance. A lot of impetus for this development comes from Institutional Economics whose perspective centers on forms of corporate regulation and interaction within markets that involve a flexible 'governance mix' of market exchanges, social decision making, and internal hierarchies.

In a related theoretical development, Governmentality (Gordon 1991) according to Foucault refers to a particular form of reflection upon practices of governing, as a way of conceiving the ends and techniques of regulating oneself and others. 'Government' is not confined to its technical side (edicts, rules, buildings) but also includes the values and knowledge that shape the actual practices of governing. The art of government is just the art of exercising power in the mode and according to the model of the economy. The notion that a liberal mode of governing is both directed toward the economy and adopts economic models for its own activities has proved well suited for the practice of neoliberalism. Market imperatives that is, constitute both the ends (deregulation, privatization) and the means (internal markets, the contract culture) of governance. The planning, steering and control of socioeconomic life, whether qua centralized or decentralized venues or a mix, remain teleocratic, i.e., goal controlled and goal-driven practices.

Section 6: Economy and Culture

From my discussion so far it is apparent that rational market behavior remains the object of economic analysis proper. Beside their indifference to systemic relations and other ‘Macro’ factors, mainstream economic accounts remain oblivious to all influences on rational economic behavior which they treat as *sui generis* and self-justifying. In economic sociology the term ‘culture’ has played a strategic role in being a place holder for everything ‘other’ to rational market behavior.

This section is thus concerned with briefly explicating the notion of culture as a critique and counter-weight in a market-driven society. More specifically, these accounts are bound up with, or even treat culture as synonymous with its ‘expressive forms’, that is to say, aesthetic entities such as art and literature, ideational domains such as metaphysics and religion, everyday forms such as dress or music styles as reflected in one’s office or leisure or even work-habits. The term ‘culture’ registers the fact that these forms are both the expression of and a vehicle for constructing meaningful social existence.

The discussion within modern thinking over the relation between market forces and culture introduces it in terms of a tension. On the one hand, market forces appear as manipulating or corroding culture, making it a functional element of economic domination, while the ‘truth’ of culture seems to lie in its autonomy from pecuniary interests. On the other hand, market mechanisms also appear as liberating in two related senses: they create a basis for a populist culture by undermining cultural elites and authorities and bring culture closer to everyday life; furthermore, they provide a vastly expanded material culture that affords symbolic resources for more interesting living.

Diverse new intellectual trends like post-modernism, post-colonial, consumer and media studies, all have offered provocative readings of the relationship of markets to culture, many emphasizing the capacity of individuals, *qua* consumers to translate the products of a mass market society into their own personal or even subversive terms! But back to the take on culture. Briefly, the concern for culture is inspired by the fear that a domineering market society may debase or erode ‘true and authentic’ values, traditional or organic forms of expression, high or universal forms of art. At the same time, ‘culture’ is not only a reactive response to market relations; or rather, marketization is only one of a series of modern assaults on traditional social order and status hierarchies of valorization and distinction.

Leavis, for instance, is identified as the author who most clearly captured and celebrated the romantic longing for a lost world which was somehow more authentic than that manufactured by industrial modernity and which now confronts modern subjects in the form of alienable commodities. Culture is defined as that sphere in which the values that have disappeared from market society are either preserved or pre-figured in a non-alienated future, much as the family – women and children – are constituted as compensations for the emotional deficits of the public world. The presumed autonomy of culture here means at least two things: first autonomy from economic values, creation of art in relation to its own inner god rather than the idols of the marketplace; and second, autonomy from the false and inauthentic set of values that arise in and through the marketplace, the unseemly demon born from mating the ignorant tastes of ‘the masses’ with the greed of the capitalist.

Whereas culture was once seen as produced through craft and artisanship, the need to produce for a market and at a profit necessarily required cultural producers to employ the same technical advances as any other commodity production: technical division of labor, standardization and bureaucratic rationalization of processes previously thought to be creative. Alas, this Mathew Arnold inspired view of choice between ‘culture and anarchy’ also presupposed a certain

acquiescence, if not precluding a change in the social order of the time. Be that as it may, the ancien regime anchored social status in a cosmic order that also laid out bonds of mutual obligation and loyalty; marketization has implicitly carried an assumption of formal equality between freely contracting individuals and brought with it the *practical efficacy of monetization* through which anyone could buy anything – status, land, rank, office – purely by virtue of having money (rather than customary entitlement) and anything could be put up for sale.

In a line of thought that persists to this day, the fine arts were redefined as the best cure rather than the cause of the vices of luxury and materialism arising from a successful market society – so long as they are distanced from ‘lust and mammon’, from ‘gratification of appetite’ and the ‘pursuit of gain’. In such accounts marketization involves a cultural dialectic: at once the autonomization of culture and its commercialization. The idea that special artifacts be called ‘art’, special people and practices deemed artists or artistic has a contradictory relation to commerce. On one level such specialization is partly legitimated as a way of safeguarding ‘genuine’ values from commercial ones, or from the popular debased tastes empowered by cultural spending power in the marketplace. Simply, artists and their work should be different from everyday life and toil. In its avant-gardist forms, the artist’s role is to epater la bourgeoisie, insulting the world of both commercial public values and respectable domestic ones.

Modern cultural producers move between the twin poles of protecting their privileged enclaves and embracing markets as means of disseminating and supporting their work, even though it threatens to de-monopolize and de-differentiate the autonomous aesthetic sphere they are also trying to carve out.

What is at stake in this dialectic, as theorized by **Pierre Bourdieu**, (1984) is the struggle of cultural practitioners and audiences to legitimate their own social, cultural and economic *capitals* in the social marketplace. According to Bourdieu the culture sphere is depicted as structured by competitive strategies in which terms like ‘markets’, ‘capital’, and ‘competition’ are used in both literal and metaphoric senses. Cultural competition to legitimate one’s own esthetic capital, whether through autonomization from, or embrace of market society, is conducted ‘just like’ economic competition, complete with rational and strategic use of resources, processes of valuation and devaluation, and attempts to convert different forms of capital into one another. At the same time, new cultural tastes, expertise and legitimations can be quite literally means by which one advances one’s market position and social status.

Bourdieu usefully distinguishes a range of culture-market relations in terms that bring out the close connections between social, cultural and economic competition. He distinguishes broadly between a ‘field of restricted cultural production’, ie., enclaved, sacral, and a ‘field of large scale cultural production’; a distinction based on whether symbolic or economic considerations come first for the producers involved. One could place aesthetic practices along a continuum between these two points.

Marxians often deliver similar analysis on the coincidence of ownership of the means of cultural production and the cultural hegemony of economically powerful classes. However, they do not address questions like: what are artistic creations and where do they come from? And why should the mere ability to transmit creative ideas secure the consent of the less culturally empowered classes? Lukacs fills this gap by introducing the concepts of fetishism and reification: the effects of marketization on culture show up not so much in terms of a political economy of ownership, or in terms of class structures of cultural value and taste. Rather, the effect of the very structure of market exchange can be traced to the kinds of culture that can be produced and experienced, indeed to what can be thought and said in a market-driven society.

Culture can be usefully approached as material culture: people transforming things through praxis in relation to social values. At the same time, people are also determined through this material culture, their subjectivities are shaped by the objective world they have themselves historically constructed. The traditional point of departure for this kind of analysis is Marx's chapter on the fetishism of the commodity and its secret in the first volume of *Das Kapital*: his account of the commodity form shows why all economists -who take it for granted are vulgar if not wrong. 'The mysterious character of the commodity-form consists simply in the fact that the commodity reflects the social characteristics of man's own labor as objective characteristics of the products of labor themselves, as the socio-natural properties of these things' (Marx 1976a: 164-5).

It is important to emphasize that for Marx it is the market and its strategic position that is decisive for contemporary consciousness, culture and knowledge. It is the market, above all the market in labor-power, that splits off the making of things from the purchase and consumption of ready-made objects, such that they happen at different times and in different places and can't be placed within the same conceptual framework, either by social actors within everyday life or by intellectuals, economists, or pundits, within the elite cultural sphere.

What we all actually perceive and experience in a market society is the relation of exchange value between subject and object: the value of the objects we desire appears in the form of amounts of money, rather than as the quantities of labor that went into their production. Under capitalist property relations, production is carried out privately and in isolation; producers come into social contract only through exchanging their wares in the market. Hence it is only in the market that: 'the specific social characteristics of their private labors appear.... In other words, the labor of the private individual manifests itself as an element of the total labor of society only through the relations which the act of exchange establishes between the products, and through their mediation, between the producers.' (ibid.: 165).

Market exchange then brings objectified human labor together socially, but at the cost of abstracting it of all substantive content. There is nothing left but *quantitative equivalences (relative prices)* and a competitive drive to accumulate value that turns around to dominate use value (i.e., the substantive needs and material culture of a society). This is what is meant by the domination of exchange over use value: the generalization of markets means the rationalization of all production in relation to the accumulation of an abstract value that differs from specific use values. Clearly then although Marx treats the market as economically epiphenomenal, he accords it the leading role both in the mystification of human subjectivity and in the emptying out of our material culture. One point should be made very clear however: the mature Marx is aiming at an account of a socially necessary misrecognition. Hence Adorno's criticism of the way Walter Benjamin, for instance, sought to account for capitalist culture in terms of myths and 'dialectical images' appears justified for Benjamin treats fetishism as a concern of consciousness (the 'image world') rather than of systemic pathology.

For Adorno (1991) the cultural inequities of the market are but an instance of the broader domination of instrumental rationality. For him truth and critique arise in the realization of the gap between object and concept, in the contradiction between that which is and that which could be. His call for an 'non-identitarian' thinking concerns the split between formal and substantive rationality: the problem with the dominance of 'identitary thinking', as Cornelius Castoriadis calls it, is precisely the way in which the subsumption of the particular under the general empties the former of its specific values and features. All particulars become means to ends rather than ends in themselves. They are rendered equivalent from the point of view of a God-like cogito, or from the point of view of utilitarian market actors who empty out all particular substantive values in the manic drive to accumulate abstract exchange values. Non-identitary thinking is seeking to restore

meaning as well as value to things and to attend to the problem of aspiration and desire, rather than to the usual concern with mastery and efficiency.

Capitalist production is necessarily market-oriented and hence characterized by production for profit, not for usability or sustenance. It is unconcerned or, in only a highly mediated way, concerned with uniquely embodied drives and desires, with the sensuous relation between humans and things. What really exercises Adorno however, is the way in which this subsumption permeates all aspects of the circulation of objects; this is why he together with Horkheimer rails against the 'culture industry'. Their accusation is that all aspects of production, distribution, and consumption of culture are increasingly rationalized and measured in relation to exchange value.

Contemporary culture is thereby characterized by both false universality and false particularity. Adorno and Horkheimer stress the ways in which 'pseudo-individualism' obscures the lack of any real individuality in the products of the culture industry: these are in fact standardized goods that have underwent little twists and turns to give them the appearance of difference. Culture industry products are in fact dominated by the 'formulaic' in which all particulars have their functional place in fulfilling generic expectations – the sitcom plot, the star buzz, all make for ease of consumption and therefore maximization of sales.

Adorno argues that high art, for instance, gained a paying audience among the bourgeoisie precisely because it claimed, hypocritically, to be pure, above the game of use and exchange, capital and profit. High art exemplified by someone like Toscanini, a most successful, marketable signifier of high cultural legitimacy, is eminently susceptible to commodification. Autonomous art, in contrast, is represented by the very few works that manage to maintain a distance from commodification. In this sense Adorno is not an elitist in the Leavisite (1930) mould but an obsessive dialectician. Above all, for him, it would be a crass betrayal of first principles to take sides concerning the great divide between high and autonomous art. As he put it: 'All culture shares the guilt of society.'

To the extent that 'common culture' is grounded in mundane symbolic work, then it is naturally to the modern marketplace as opposed to the museum or the academy, that people will turn for their symbolic resources. This is very much in accord with the observations of Simmel and Benjamin. They both emphasized the phenomenology of modern urban life depicted as a consumable spectacle or sensorium of objects and sociability, which they identified with both the city and with shopping! The encounter between consumer and commodity is a densely cultural one; indeed the congregation of people through and around commodities engenders specific but highly diverse forms of civic identity, regulation and so on. Above all, shopping itself emerges as a site of diverse pleasures and freedoms that are connected to but independent of the act of buying or consuming: pleasures of fantasy, sightseeing, longing and so on. In this view the marketplace is not primarily a site of fetishization, but rather also an empowering cultural resource. Oddly, the image of cultural empowerment offered in such, largely postmodern accounts, is very consumerist in a conventional, liberal sense: the focus is on the individual as a desiring subject (though obviously not a utilitarian subject). It might be useful to contrast this image with an alternative formulation of the culture of the marketplace as found in Danny Miller's (1994) *A Theory of Shopping*. He is equally concerned with market actors as active and socially embedded, but contextualizes them within mundane rather than spectacular cultural activity. In Miller's ethnography of everyday supermarket shopping in north London, people certainly articulate views of shopping as utopian, hedonistic, imaginative and indeed can construe it as a largely cultural event. However this seems to be belied by their actions and by the ways in which they articulate the market experience at more practical levels. In this context, the mentality of shopping is shown to be not postmodern but intimate and familial – people are mainly concerned with thrift, care, and the needs of loved ones. In many ways we are here

witnessing a 'cultural turn' in which the market economy is increasingly understood as intensely cultural in its inflection and operation.

Section 7: Economics and Reflexivity

Whereas the central preoccupation of critics has traditionally been the way in which economic rationality dominates culture, contemporary social theory has been increasingly concerned with the central role of cultural processes and institutions in organizing and controlling 'economic behavior'. This has been labeled the 'cultural turn' in the social sciences: there is no royal path to the marketization of cultural practices; economic practice is also reworked as it gets entangled in cultural life.

In this final section I elaborate on economic behavior as embedded or framed by cultural factors. We need to do more than merely locate economic activity within the cultural order; the focus must shift away from concerns of contextualization and embeddedness and towards the representational and discursive instituting of economic life. I look briefly at arguments that market economies increasingly comprise cultural goods and cultural 'logics'. I then conclude with the emerging concern about how economic analysis-whether as theorizing or modeling- itself constitutes a cultural force, which plays a key role in forging new markets and economic values.

Increasingly, the claim is made that the economy is made up of semiotic or symbolic work on entities that are themselves increasingly ephemeral or 'non-material' (whether because they are experienced as services, or as predominantly cultural commodities such as media and entertainment goods). This gives, it is argued, a new character to the economy: the logic of economic activities and processes may be better understood in terms of the nature of signs, information and cultural dynamics. Moreover, such developments place cultural analysts and advisors in the driving seat of business innovation, in particular those who specialize in design, strategy and marketing. Small differences in meaning between goods become more important than differences in function or price. Indeed function and *price* themselves come to signify status, as when people will aspire to buy an expensive coat from a prestige department store rather than a cheaper overcoat from a high street retailer because of what it might signify. In arguments from as far afield as Veblen and Bataille, market related behavior is theorized in terms of conspicuous waste rather than economizing rationality on the grounds of a certain distancing from natural and functional necessity.

Economic activity seems to be involved less in the transformation of material things and more in producing or commodifying activities like services and knowledge. This is evidenced both in the kinds of commodity that increasingly dominate the consumer marketplace and in the kinds of 'raw material' that go into production, in particular into works that are information based and socioculturally circumscribed. Being a knowledge worker or cultural intermediary requires attention to the self and its presentation. Either implicates one in taste distinctions and links to culture qua worker, which spill over into one's connection to culture as a consumer.

In this brave new world of capitalism, firms like Benetton or Nike may no longer directly own any means of production or even retail outlets. Instead, the firm comprises a continuous process of up to the minute information about sources of supply and levels of demand for highly specific versions of its products. The aim is mass customization. The corresponding idea of niche marketing indicates that sales and profits are to be sought in identifying consumer needs in terms of lifestyles, tastes and other cultural dimensions which not only cut across more 'objective' demographics such as class and gender, but are obviously more fluid and can be operated on through cultural expertise in design and interpretation or anticipation even of consumer trends.

Meaning, as an integral part of economic practices, is not something new to modernity or postmodernity: we can never conceptualize any act of production, consumption or exchange as strictly physical. However, the argument here is that the semiotic aspect of commodity circulation is both increasingly central to economic activities, and intensified through the *reflexivity* of economic

actors and institutions. Participants in this novel economic climate are bound up with the meanings of things, and tie them to core issues of personal identity and social place to a degree and with a reflexive grasp hitherto inconceivable.

For Baudrillard (1988) this progressive enculturation of the market can be seen as part of a process of stultifying abstraction that emanates from the market, and then turns around to engulf and transform the landscape of market capitalism. In his argument, this process of symbolic abstraction is overtaken by yet another: the commodity freed from its use value and hence from the concrete particularity of need, and its physical constraints, is able to take on a different kind of value, a 'sign value'. Sign value derives neither from the object's place in the *primary* order of needs and things, nor from its value in exchange relations, but rather from its position within codes of meaning and semiotic valuation. Moreover, the generation and manipulation of such codes and sign values can itself become a matter of functional specialization and differentiation. Whole new sectors, like advertising, arise that specialize in semiotic expertise and promotion. In Baudrillard's extreme formulation the idea of semiotic experimentation – of a world awash with signs and sign handling driving contemporary production and consumption activities – adds urgency to the question of whether a new economy is in the offing, and whether it will continue or radically break with the more familiar industrial, energy driven one.

The very term 'consumer culture' tends to indicate that core values and identities are now bound up with and negotiated through consumption and commodities. Moreover, people now think of pleasure, appearance, material standards, style, prizes, fame, rising comforts and so on, as values. All of these values are experienced more in terms of the role of the 'consumer' than of alternative prestigious social roles, like citizen, worker, religious adherent – which themselves tend to be recast in terms of being a consumer: a vote is like a purchase decision, faith a matter of personal choice; marriages can be dissolved legitimately if they don't offer self-realization, and so on. Both individual and collective identities then seem to be concocted out of market choices, producing a state of instability and anxiety that may be met by yet more semiotic products and services. In fact, ads, blogs, videos, music files, games, ring-tones and the like prove to be not only exemplary semiotic commodities, but also provide a format for how to organize ones' experiences, thus helping people to deal with the anxieties of choice!

The ability to deal with marketable things through their status as signs or memes seems to both unleash them and destabilize them: this gives us the characteristic modern landscape in which we are all awash with a dazzling and changing array of images and signifiers, as ways of assimilating and fitting things to the activities of our everyday life. Because it is an informational flux, it allows objects, identities, and practices to be constantly redefined, recontextualized and recombined. This is captured in Appadurai's provocative article of 1990 in which he thinks through the imagined worlds that people inhabit in terms of five global cultural flows: ethnoscapas, mediascapas, technoscapas, financescapas and ideoscapas, in which the 'flows' (respectively) of people, representations, gadgets, capital and ideas constitute different landscapes that are at once internally driven and mutually disjunctive, yet always interconnected and rubbing against each other, not unlike Luhmann's autopoietic functional sub-systems.

There is no global market as a homogeneous cultural domain: the more global the market becomes, the more localities a marketer must contend with; yet also the more hybrid these localities become as their range of encounters, and responses to encounters expands. Media technologies like the Internet intensify such dialectics. Danny Miller in an ethnographic study of the Internet's reception in Trinidad, found that while Internet media broadened the range of Trinidadian's encounters with other parts of the world, it simultaneously heightened their sense of national identity and locality. The dominant metaphor for contemporary engagements with markets and

commodities is not homogenization but *creolization* in which the focus is on the shifting significance of goods which move across borders and are reabsorbed in new contexts.

As Callon earlier argued, ‘economics in the broad sense of the term, shapes and formats the economy rather than just observing how it functions’ (Callon 1998: 12). Economics is itself a participant within the economic process, and not merely an observer. Moreover, Callon does not define economics mainly in terms of the academic discipline, ‘the dismal science’, but additionally in terms of marketing, accountancy, management studies and other forms of knowledge that legitimate the knowing and practices already within market institutions and at the same time feed them back into market behavior through professional training and education. *Economic analysis as a unique discourse and discipline exerts strong influence that actively shapes the spaces in which market actors are constructed and framed.* Indeed this shows that the pen can be mightier than the sword. Callon’s analysis that culture and socio-technical systems are inseparable in the generation of new markets, and fomenting the entrepreneurial spirit gives credence to Foucault’s argument that we should not consider neoliberal or liberal descriptions of markets as simple ideological or factual claims. Instead, we should think of the variety of markets as elaborate instituted performances in which specific roles like, ‘auction participant’, ‘economizing individual’, ‘credit-card user’, ‘insurance holder’, or ‘day-trader’ become embodied and acted out. The ‘conduct of conduct’ of such actors is regulated through specific governance practices. In the same vein, the late Bourdieu labels ‘neoliberalism’ a ‘strong discourse,’ one that ‘has the means of making itself true and empirically accesible’(Bourdieu 1998). The social world morphs into ‘a language game and form of life’ as Wittgenstein (1958: 226) put it. However this state of affairs raises its own questions: At what point and through what unspoken assumptions is something bracketed as ‘the economy’, as an autonomous social event discursively identified and made into an object of expert intervention, state regulation or statistical analysis?

The work in **Miller & Carrier’s** (1999) anthology, is an attempt to answer this question. Commercial capitalism as the effect of extreme abstraction, presciently anticipated by Marx, is variously acomodated and assimilated by society in the beginning of the 21st century. Miller cites as examples the sociopolitical domestication through Scandinavian style democracy or, what he terms the ‘organic capitalism of Trinidad’: consumption has become a grounded practice in which people use the commodified goods themselves to combat the alienation of market institutions. However, Miller then goes on to register an important setback! He argues that the past 20 years have witnessed a major swing back to processes of abstraction that reintroduce a great distance between economic institutions and local contexts and customs. Miller describes these institutions as ‘virtualist’ rather than ‘capitalist’. They are populated by such institutional actors as economists, analysts, accountants, auditors and management consultants. Such professionals or aspiring professionals construct abstract representations of the world as objects of modeling and simulation, representations that both arise within and simultaneously form the objects of regulatory practices like, say, auditing, or risk assessment. He considers them virtual because they speak in the name of realities that are entirely posited within the domain of mathematical formalism: the virtual consumer is generated as a point in market research statistics, or player in game-theoretic scenarios; ‘the third world’ is deemed capable of growth that is measured and reinforced by IMF or World Bank policy models for external debt relief, contractionary devaluation and so on.

What distinguishes Miller's from related arguments like Callon’s mentioned earlier is their epistemological realism: this allows for a social dialectic in which virtual consumers and actual consumers, virtual markets and real markets cannot be legitimately conflated. Important as his insight is, namely, that professionals in the name of optimizing the market in fact create just the problems they can solve and thus continue to make a living, is well taken. Alas, it carries the reflexivity of the sociological imagination to a point where one could accuse it for committing the same sin.

Be that as it may, *all* the critical sociological analyses reviewed in this essay, follow mainstream economics' insight that 'the market' empowers individuals. In fact, they complement the standard view of the subjective character of value, with the recognition that markets engender agency. The sociological accounts thus provide a corrective to the economists' methodological individualist stance and its 'free to choose' mentality. They demonstrate that 'homo-economicus' 'chooses', 'decides', consumes only under specific market conditions which are sine qua non both for his actions and his sense of individuality. Important as this insight is, it falls short of providing a real alternative to the dominance of 'the market'. Why? Because, to put it in terms of the classic distinctions of 'micro versus macro', or alternatively, 'agency versus structure', economic sociology with its emphasis on the construction of agency, has unwittingly lent support to the **micro-economic** perspective of neoliberalism.

What is called for then is a shift to a perspective which analyzes and explains 'the market' **as a macroeconomic phenomenon and a systemic effect**. But in order for such a macroeconomic-systemic approach to have bite, one needs to abandon the current dominant 'General Equilibrium Approach' (GEA), a case of mathematic discursive fiction par excellence, and certainly not a phenomenology of an actually existing economy.

GEA should be replaced by novel account of money as simultaneously an institutional fact and a subjective experience! Currently the only account in all of social science, not just in economics, that does justice to the nature of money and honors its dialectical structure is the 'Quantum-Economics' of Bernard Schmitt, Alvaro Cencini and their colleagues. However, discussing their brilliant and iconoclastic approach must be the topic of another essay.

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