



BUSINESS ECONOMICS IN A RAPIDLY-CHANGING WORLD



*John W. Murphy*  
*Karen A. Callaghan*  
*Editors*

# TOWARD A POST-MARKET SOCIETY



NOVA

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**BUSINESS ECONOMICS IN A RAPIDLY-CHANGING WORLD**

**TOWARD A POST-MARKET  
SOCIETY**

**JOHN W. MURPHY  
AND  
KAREN A. CALLAGHAN  
EDITORS**



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**Nova Science Publishers, Inc.**  
*New York*

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Additional color graphics may be available in the e-book version of this book.

### **LIBRARY OF CONGRESS CATALOGING-IN-PUBLICATION DATA**

Toward a post-market society / editors, John W. Murphy, Karen A. Callaghan.

p. cm.

Includes index.

ISBN 978-1-61942-260-5 (eBook)

1. Capitalism--Social aspects. 2. Economics--Sociological aspects. I.

Murphy, John W. II. Callaghan, Karen A.

HB501.T669 2011

306.3--dc22

*Published by Nova Science Publishers, Inc. † New York*

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## PREFACE

*General Theme:* Nowadays the market, and neo-liberalism in general, seems to be in disarray. With support waning for an unfettered market, various critics are seeking alternatives. In this book, the idea is that a new way of thinking about the economy may be productive, particularly one that does not rely on an unregulated market to secure economic order. In this context, the notion of a “post-market society” is introduced to describe this shift in orientation.

The general theme is that markets are imperfect, despite what their advocates declare. Contrary to what neo-liberals say, for example, markets do not epitomize rationality and efficiency. In point of fact, some critics maintain that these devices represent an ideology that fragments society, once persons begin to vie for ever scarcer resources. At the marketplace there is little solidarity, due to the emphasis that is placed on individualism and competition. After all, successful traders are taught to pursue their own aims—to calculate their profits and losses—with little or no concern for emotional attachments or other commitments.

The culture of the market, accordingly, is quite hostile. And once this outlook begins to penetrate a society, social bonds begin to fray. The movement beyond the market, therefore, reflects the reality that many persons are experiencing nowadays. That is, beginning in the 1980s, many persons begin to lament the demise of their communities. Accordingly, fewer individuals, especially among the youth, exhibited any social responsibility. The mantra became personal fulfillment.

Going beyond the market, therefore, represents an attempt to resurrect community solidarity as a fundamental social principle. The basic idea of a post-market society is: the metaphysics represented by the market is not



needed to organize buying and selling or, for that matter, any aspect of society. What needs to be illustrated clearly is how such metaphysics was accepted as necessary for order to prevail, and why abandoning this philosophical principle seems to be so difficult. Additionally, why is a new way of engaging one another not only possible but liberating? The following chapters try to address these issues, in a step-by-step manner.

## *Chapter 1*

# INTRODUCTION

*John W. Murphy<sup>1</sup> and Karen A. Callaghan<sup>2</sup>*

<sup>1</sup>University of Miami, Coral Gables, FL 33124, USA

<sup>2</sup>Barry University, Miami Shores, FL 33161, USA

The basic premise of this book is that the market is an aberration. This claim is contrary to the usual idea that this mechanism encourages a natural form of interaction. The typical claim is that the market promotes freedom and rationality, and thus guides (economic) interaction in the most productive manner possible. In this sense, the market is compatible with both human nature and the fundamental principles of social life. The perfection of this device, moreover, represents one of the great advances in modern society. In fact, most persons cannot even imagine a world without markets. How else could their desires be channeled effectively and safely?

For most persons, any call to move to a post-market society must sound terribly misguided. The first thought that probably comes to mind is a return to a primitive state, where life is quite chaotic and people survive by bartering. Given this imagery, who would want to entertain any prospect of dispensing with markets? After all, most persons do not want to abandon the various improvements, technological or otherwise, that have raised their standard of living. Few will consider seriously any change that reverses gains made in health, nutrition, housing, communication, or any other facet of modern life.

On the other hand, a correlative claim made in this book is that the market contributes to many current social problems. Rather than a palliative, this device is corrosive in many ways. Specifically noteworthy, a message is

conveyed that supports conflicts, inequities, and other maladies that plague the contemporary world. At the root of these issues, however, is the alienation of persons from themselves and their institutions that the market encourages (Marx, 1973). In this sense, they become entrapped in a situation where rivalries and hostilities increase, due to a skewed and disruptive distribution of resources. This situation, furthermore, comes to be viewed gradually as normative and expected.

This condition results from the mystification of market relations. In other words, in order for the market to improve society, this device has to be shrouded technicalities and thought to exist beyond the influence of humans. Persons and the market, accordingly, must occupy different ontological levels. As a result, traits can be contributed to this mechanism that are absent or rare in persons. The market, for example, is unbiased and rational, whereas persons are not. Therefore, an economy will develop when investors learn to propitiate effectively this new god. But in the end, the market becomes an idol that dictates how social life should be organized.

In more concrete terms, the market supplies the necessary and logical explanations for events and trends. Persons invest and make money when the proper signals indicate that profits are likely. Jobs are plentiful when this possibility exists. Additionally, poverty is the result of disobeying these signs. The overall result of this tendency is that personal or collective desires or actions are obscured by market principles.

And as the economy and other institutions begin to overshadow human desires, eventually persons become ancillary to their institutions. Accordingly, discrimination that impedes access the market is also obscured and, gradually, reified. In this sense, persons do not do anything; the market explains everything in the most rational manner. Not having access to the market, or not succeeding at the marketplace, cannot be blamed on institutional sources. But, as should be noted, this asymmetry provides an almost textbook example of alienation. Nonetheless, the self-regulation of markets takes care of all problems, while the interventions needed to eliminate problems are ignored.

## **COMMON ILLUSIONS**

The problem is that according to the logic of the marketplace persons do not necessarily work when they have ideas and the willingness to put them into practice. They remain idle until the market emits the proper signals and a class of entrepreneurs believes that profit can be made from their labor. These

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workers, accordingly, have no control over their lives or future. In effect, they are merely pawns in a system where their mostly latent assent undermines their worth and ability to provide themselves with direction.

Although the market is certainly a human project, as writers such as Feuerbach (1957) and Marx (1967) maintained early on, this mechanism is presumed regularly to be autonomous and the engine of the economy. Disconnected from human control, the market can be treated as divorced from situational contingencies and objective. But the question that needs to be answered is: How is such a portrayal of social existence maintained?

In reality, another aberration sustains the market. This time, however, philosophy is the culprit. Throughout the Western philosophical tradition, persons have sought truth and morality by trying to escape from the world and enter a higher, more profound reality. The assumption is that the world is plagued by interpretation and the accompanying opinion, or *doxa*. Flight from the world is possible, but only through enormous effort.

Through the acceptance of this dualism, however, the possibility exists of entering a pristine and tranquil realm. After all, this region is severed categorically from emotion, subjectivity, interpretation, and all other worldly and limiting elements. And by placing the market in this domain, this device can be identified, with little resistance, as impartial and completely rational and fair.

In this way, the market shares a space usually reserved for gods, reason, justice, and other ethereal factors in the history of philosophy. And by occupying this pristine plateau, this mechanism acquires an aura of universality. But the cost of this maneuver is quite high. Simply put, the market must become autonomous and represent the antithesis of humanity. Consequently, the economy acquires the latitude to define persons and dominate all social relations.

And when the economy achieves this status, persons are almost helpless to make any changes. Any proposal that questions the operation of the market, for example, is easily ruled to be irrational and destructive, since such ideas emanate from an inferior realm and thus lack credibility. Typically they are judged to be either ill informed or malevolent. Either way, these options cannot pose a serious challenge to the market and the associated economy. These dreams or errors, in the end, are easily dismissed.

Those who are disenchanting with the operation of the market, accordingly, are condemned to tinker with the technical aspects of this device. For example, if the distribution of wealth becomes too concentrated, perhaps new incentives can be introduced to stimulate investment in certain sectors of society. Or

perhaps the tax burden can be shifted somewhat. But in the end nothing significant changes, since persons are trapped within a fixed framework that deflects criticism away from the economic system. The same policies are thus regularly repeated, possibly with new names.

But equally problematic is how persons and their relationships are defined at the marketplace. The guiding principle of the market is competition. As a result, persons are adversaries who join together only momentarily for tactical advantages. Strong interpersonal relationships, in fact, prevent traders from optimizing their options at the market. Indeed, the emotions that are a part of such associations temper the appeal of economic rationality; for example, family ties or friendships could affect negatively decision making. In many ways, therefore, the environment at the marketplace represents a “culture of death,” where everything is turned into a variable for analysis (Hinkelammert, 1991). As the saying goes, everyone and everything has a price! And through the purchase of consumer goods, persons wear the price tags proudly that delimit their identities.

But clearly persons are not simply calculators who compete with others to realize their personal aims. Their daily experiences contradict their portrayal. At a more profound level, persons share an existential space and are part of a large human community. In other words, their fates appear to be linked and they rise or fall together. Rather than independent agents, their behaviors and lives are intertwined. Despite the imagery of the market—that persons are independent and not responsible for one another—the existence of persons is basically communal.

Nonetheless, the vocabulary of the market pervades the modern world and undermines solidarity (Giroux, 2004). Rather than members of a community, most persons view their personal freedom to be impeded by others. For the most part, community sentiment is restricted to charity and other voluntary activities. Consistent with the demands of the market, persons devote most of their time trying to improve themselves in order to become more competitive. Perhaps after certain individual gains have been realized, other persons may enter the picture as worthy of some attention.

The logic of the market, therefore, is quite destructive. This conclusion runs contrary to traditional or classical economists and their followers, including many citizens who have imbibed this discourse. In their minds, the market facilitates the efficient management of resources and social harmony. But the internecine rivalries that are spawned are hardly consistent with these claims. And because of the autonomy of the market, these conflicts are institutionalized and assumed to be natural.

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If persons desire harmony, a new logic is needed that breaks with the market. This alternative, in fact, is essential to the development of a post-market society. In many ways, moving to a post-market condition may represent a return to a primordial condition, but not the primitive state that is often cited by critics of this possibility. This basic situation, instead, is predicated on principles that do not sever persons from their creations and from one another. To use Foucault's (1989) term, the move to a post-market society represents an "archaeological" shift in thinking. The central idea is that persons do not have to be alienated from others and have their creations transformed into foreign objects that define their creators.

## A NEW LOGIC

There is a new logic on the horizon that supports the shift to a post-market society. But this new way of conceptualizing social life is not purely speculative. Although most persons may be incredulous about this change, the philosophy that justifies such a maneuver is not entirely new. With respect to academic fields of study, the theory that raises doubts about the autonomy of the market, not to mention any facet of reality, emanates from both the physical sciences and humanities (Gebser, 1985). In other words, there is a tradition of trying to integrate human action into the creation of both physical and social order, and thus end the prevailing alienation.

The centerpiece of this new logic is anti-dualism. Given the insights in modern physics and philosophy, the chiasm that has been thought to exist between daily experience and some ultimate reality is no longer tenable (Merleau-Ponty, 1968). In more contemporary language, the split between subjectivity and objectivity can no longer legitimately be maintained. Accordingly, existence is far more integrated than has been traditionally described.

Since the work of Heisenberg (1962), for example, persons are thought to intervene in physical reality through their attempts at measurement. These efforts, accordingly, shape the identity of whatever is measured. In philosophy, on the other hand, contemporary writers have been trying to refine the revolution inaugurated by Kant. In this way, phenomenologists to postmodernists have argued, like Kant, that the activity of a knower imposes a perspective on reality. As postmodernists declare, following Wittgenstein, reality is mediated fully and shaped by language use (Lyotard, 1984). Neither

an outside nor objective side of speech exists that can justify the autonomy of any phenomenon.

The point of these changes is to illustrate that dualism is an antiquated notion. No aspect of reality, accordingly, is autonomous, including the market and other social intuitions. In this respect, another aspect of this new logic comes into play, that is, anti-realism. Specifically, following the rejection of dualism, persons cannot be understood simply to encounter reality. Rather than passively received, knowledge of all phenomena is tainted by the human presence. Instead of objective, in other words, reality is shaped by human *praxis* and available for revision (Petrovic, 1967).

As opposed to the typical *tabula rasa*, the mind is active and does not merely reflect reality. Accordingly, there is no possible escape from interpretation and the resulting proliferation of perspectives. In fact, only another perspective can provide a limit to reality. In this regard, the market does not reside in a pristine realm and embody a reality *sui generis*. This device, and the supporting economic model, reflects a particular viewpoint on how social reality should be organized. Rather than autonomous, the market is sustained through various definitions and the socialization that inculcates and reinforces these ideas. Unlike a rarefied sphere, the marketplace is nothing more than a culture with specific norms and expectations.

And contrary to realism, the market cannot demand the usual pragmatic response from persons. Rather than simply assimilate to the culture of the market, persons are able to invent and adopt either the prevailing or other realities. The beliefs and practices that were formally touted to be part of human nature, for example, are now simply options that are consistent with the successful operation of the market. As a result, persons are no longer trapped within a system of their own devise; instead, they can react critically and project alternatives.

This break with the culture of the marketplace brings to prominence another facet of post-market logic, that is, the assumption that persons are not similar to atoms. At the market, successful traders behave not only as individuals, but as self-contained entities. Any relationships are momentary and based on market conditions. The basic principle is that persons should focus on themselves and pursue their own aims. But in some strange way, this narrow focus is believed to result in the improvement of the common good.

Nonetheless, there is nothing collective about the marketplace. Another legacy of dualism is that traders are expected to enhance their personal wealth and freedom, and others are perceived to be obstacles in this process. In philosophical parlance, persons are solipsistic. The awareness that persons are

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part of a community carries little weight in this context. In fact, such a holistic orientation would only inhibit persons from maximizing their respective gains. In the world of serious trading, community ties are a burden that may threaten profits. For example, witness the constant fight against ecological protections, even though environmental damage affects everyone. According to the culture of the market, assuming such responsibility is deemed unfair and a drag on the economy.

In the end, this new logic recognizes a fundamental connection between persons. A post-market world, in other words, recognizes a new base of morality, that is, the community. At this juncture is where the work of Emmanuel Levinas (1969), and writers with a similar outlook, becomes relevant. Their important contribution is to recognize that persons are not atoms but exist together or face-to-face, so to speak. Contrary to the culture of the market, their connection is not haphazard or optional but unavoidable. They inhabit a common domain and share a similar fate. Different from the market culture, there is no escape from this relationship.

In this regard, a new basis for morality is in place. With atomism rendered passé, another framework becomes available to judge behavior. And within the context of a community, how a behavior or policy influences others becomes vital. Whether or not an action disrupts community solidarity, for example, becomes an important standard. Policies about production, distribution, or workplace demeanor, accordingly, should be examined in terms of this fundamental tie between persons. Hence what constitutes appropriate behavior extends far beyond personal satisfaction or benefit. Now emphasis must be placed on maintaining a proper balance between persons.

## A NEW COLLABORATION

In the world of the market, behavior is basically anarchistic. Simply put, personal freedom is the ultimate concern! And even when restrictions are in place, these assume the form of laws, and persons who want to remain free do not violate these rules. But as should be noted, the collective well-being of society does not necessarily play much of a role in this mode of control. The focus is still on the individual, who chooses whether or not to avoid punishment.

But this depiction of the world represents a thoroughly abstract place. Social life, stated simply, does not necessarily consist of a mass of individual atoms. At the marketplace all connections are disparaged or ignored, although



exceptions are made sometimes to this reality. For example, although charity is optional, but often encouraged, a common humanity is recognized. Nonetheless, this association is diminished by effective traders in their pursuit of becoming a successful competitor. In the post-market world, on the other hand, this connection is central to social life, along with the moral imperative to protect members of this community.

In this sense, the aim of the post-market world is that persons recoup a collective spirit that has been almost extinguished by the culture of the market. Existence is no longer abstract, with persons having minimal responsibility for others, but based on the concrete experience that persons are connected prior to any coordination supplied by the market or other institutions. In effect, they create these entities but are suddenly described as disconnected and in conflict with one another, and in need of the control provided by autonomous social organizations.

The post-market world is thus not simply a place designed to facilitate buying and selling. Persons who are characterized by these actions do not view one another as neighbors. Consumers, for example, try to manipulate the seller to obtain the best deal. Any society organized in terms of this *modus operandi* would eventually resemble the hell imagined by Hobbes, whereby everyone engages in trickery and trusts no-one. The war against all is merely a small step from this situation.

Persons who live in a community, on the other hand, plan, produce and consume together. In other words, they strive to survive within the confines of their fundamental connection. At one time, Marx (1972) had a similar insight that all persons should participate in and fulfill their needs through the production process. In a community, stated simply, persons produce and share. But the crucial issue is that everyone should be able to participate fully in this activity. A principle necessary to establish true collaboration, therefore, must be envisioned and implemented in a post-market society.

## **ECONOMICS AND SOLIDARITY**

The new post-market morality recognizes that the fundamental connection between persons is the proper focus of ethical judgments. Since individuals do not exist or act in isolation—as solipsistic atoms—how they comport themselves relative to others is the center of attention. Particularly noteworthy at this juncture is their ability to approach one another with respect. In this economic context, no-one should be impeded from participating directly and

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meaningfully, for example, in setting production or consumption priorities. The maintenance of solidarity requires such widespread inclusion.

The basic idea is that persons act in concert with one another and direct the economy, rather than some unneeded intermediary such as the market that transforms interaction into distrust and rivalry. In this sense, the market is an abstraction while persons acting together are not. In order for this post-market solution to work, however, all barriers must be removed that prevent persons from participating as equals in this process. A post-market economy, in this sense, is fully democratized, since no facet is beyond critique and reformulation by every community member.

In a real community, for example, no-one is marginalized or discriminated against in any way (Dussel, 1988). No true community would tolerate this sort of exclusion, not to mention the waste of talent. Additionally, a community would not pursue policies that impoverish various persons or groups. Presupposed by competition, for example, are winners who regularly become a dominant and very voracious social class. The negative impact of this accumulation of wealth and power can only be counteracted by government intervention or revolution, referred by Polanyi (1957) as the “double movement”, both of which are anathema to the culture of the market. And eventually, due to the logic of the market, these correctives appear to be inefficient and irrational and are abandoned.

In a community, on the other hand, the operative principle is solidarity. To avoid the exclusion linked to competition, the dual aims in a community are mutual aid and prosperity for everyone. In this regard, persons act on the basis of the relationship that binds them together, rather than unabashed personal advantage and gain. In the past, this recognition of collective needs was called socialism. But in the post-market scheme, the point is not to invoke some abstract mass to represent and likely obscure the members of a community. In line with the rejection of dualism, a community is the unmediated association between persons, rather than the state or some other abstraction. Any policy or practice that introduces asymmetry into this relationship is deemed discriminatory, unproductive, and disallowed.

## CONCLUSION

At this point in this discussion, many readers are probably saying that a post-market society represents little more than a fantasy. But this outlook is hardly more fantastic than the belief that persons are atoms who are guided by

a very abstract, metaphysical force like the market and, unknowingly, support the common weal by giving priority to their personal preferences. What could be more mystical than Smith's notion of the "invisible hand." Nonetheless, the prevailing sentiment is that this description—the culture of the marketplace—is consistent with human nature and entirely logical. Of course this basic character has not been discovered, and thus such claims are purely speculative.

Recent findings in fields as different as anthropology, biology, and philosophy suggest that human nature is a myth. The research of Arnold Gehlen (1980), for example, reveals that humans are unstructured and open to a host of changes. Human nature is thus neither universal nor fixed. Culture, in fact, is the element that provides humans with a semblance of stability, in the face of their openness. What is thought to be human nature, in other words, represents simply a cultural formation; market logic, accordingly, is a cultural artifact (Scheler, 1961). But in the end, culture is subject to further change. Relying on this so-called foundation to justify stability is simply ideology.

In reality, to borrow from Heidegger (1962), persons are thrown into the world and must order and make sense of this situation. As a result, they must invent a particular view of themselves and society. The market culture is a result of this effort. Due to various reasons this outlook represented an improvement over the past. But now this culture has begun to fragment society and has lost a lot of utility. And clearly something new is needed, which is well within the purview of persons to create.

Nowadays a prevalent theme is that all persons want respect and desire a sense of community. Talking about a community based in solidarity is certainly justified and appealing. When persons longed for personal freedom above all, the market fulfilled this need. Elevating the importance of community, accordingly, is hardly unthinkable or impossible. Although the full extent of this transition of impossible to spell out in advance, such a change represents merely a logical reorientation of the human project.

But what can be said about a post-market society is that this perspective is truly utopian. In this context, however, this term does not refer to an abstract ideal that can never or seldom be reached. Something that is utopian is within the realm of human experience, knowable, and certainly concrete. Nonetheless, a utopian proposal extends beyond the current reality and, for that reason, may appear to be incomprehensible and unachievable. But this judgment reflects simply the strictures imposed by a former reality rather than a basic principle.

Within the culture of the market, a post-market society is dismissed easily as little more than a dream. After all, a commitment has been made by

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advocates of the market and their ideologues to a unique version of human nature and other personal and collective traits. And according to these beliefs, social solidarity is a nice but unworkable idea.

The logic of a post-market society, accordingly, may be new but is not beyond the reach of human capabilities. In this way, such a proposal is utopian. A novel reality is proposed, in other words, that contravenes the values of the marketplace and the accompanying image of society. Such brashness, however, does not warrant automatic dismissal. If this were the case, no new proposal, even those linked to the market, would have any credibility. Almost by definition, no society would ever appreciably change.

The point of this collection is to inaugurate a discussion of the market, its limitations, and a post-market vision of society. And although not every contributor rejects completely the market, even these authors recognize the need for modifications. Others, on the other hand, argue for an entirely new logic and social imagery, in addition to liberation from traditional or mainstream views of society. What all of these changes require, at the least, is an open mind and the willingness to entertain a new reality.

While at first a new logic might seem daunting, eventually such an outlook may offer novel opportunities for a society to develop in humane and productive ways. At this juncture, the favorite adage of Marx (1987) is relevant: nothing created by humans should be viewed as foreign to them. His message is that a new logic, such as the one linked to a post-market society, can be clearly understood and, if desired, adopted. Accepting the plausibility of a new reality, in other words, does not signal automatically the proliferation of irrationality and the on-set of strife, but acknowledges the possibility of another vision of society that emphasizes solidarity.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

## *Chapter 2*

# **THE SOCIOLOGICAL TRADITION, REALISM, AND SOCIAL CONTROL**

*Karen A. Callaghan*

Barry University, Miami Shores, FL 33161, USA

## **INTRODUCTION**

The mainstream sociological tradition that runs from Comte, through Durkheim, to Parsons has been overwhelming realist in orientation. Realists, as Durkheim describes, argue that society has an ontological status different from individuals (Stark, 1963: 1-13). Society, in fact, is believed to be greater than and superior to all individuals combined. In other words, society has been granted a unique position that transcends the influence of individuals.

In this regard, realists are dualists. Consistent with the Western intellectual tradition, they contend that a distinction should be drawn between the part and the whole, or in this case the individual and society. And also in tune with this orientation, primacy is given to the whole. Society, accordingly, is presumed to have important traits that individuals lack but are necessary for the preservation of order.

For example, society is rational, while the individual exhibits regularly emotion and unsound judgment. In more modern terms, society is objective and the individual subjective. According to this scheme, society is given the latitude to dominate and control individuals. Indeed, without this enforcement capability, the social world would devolve rapidly into chaos, according to

realists. Again to borrow from Durkheim (1983), *anomie* would become normative without the external controls imposed by society.

Traditionally sociologists have relied on this dualism to reinforce a key point about the maintenance of social order. That is, left to their own devices individuals will run amok. Dennis Wrong (1961), for example, claimed that the majority of sociologists have harbored an “oversocialized” concept of the human being. Simply stated, they have advanced a fairly dismal view of humans, in many ways similar to Hobbes’, who cannot survive in the absence of a series of powerful institutions that regulate society. In true realist fashion, these organizations temper the ill effects of human nature and sustain order.

The general result of this perspective, however, is that persons cannot be trusted. Like all rabble, they can be expected to pursue their own aims, even at the expense of the good will of others and the social fabric. Their ability to participate productively in the construction and operation of institutions, therefore, is almost nil. Perhaps their actions can be tolerated at the margins of society or in rigorously controlled organizations, but, in general, human action is presumed to be mostly destructive.

In point of fact, the focus of much of traditional sociology has been on trying to explain deviance and reinforce norms. Adjustment and integration, accordingly, are still considered essential to the survival of society and individual prosperity. Without universal assimilation to specific ideals, order is almost impossible to preserve. And critical reflection on norms, accordingly, has negative consequence and is discouraged.

Within this philosophical framework, human action has to be effectively sublimated. Mechanisms must be established and installed whereby the destructive tendencies of humans can be efficiently channeled and their influence minimized. Much of traditional sociology, therefore, has been very conservative and devoted to illustrating how society can avert any threats and be preserved. While change has been acknowledged as possible, any benefits are presumed to be minimal. Realists, in this way, emphasize socialization and the pragmatic character of acceptable behavior. Basically, rational persons learn the rules of the social system and do not stray far from these standards.

This view of social order is consistent with the typical assessment of economic life in modern societies. According to the usual classical model, present in capitalist and many socialist societies, the cornerstone of any progressive economy is the market. This device, in a realist manner, is imagined to be autonomous and direct human initiative into productive ends. And those who are effective at the marketplace internalize the logic of this

apparatus and make decisions based on specific empirical signals. Those who ignore this reality are not likely to be very good traders or prosperous.

The way the market is often portrayed relies on dualism and the resulting philosophical realism. But this outlook has been reinforced by mainstream sociology. As Weber (1958) might say, an “elective affinity” exists between the market and the standard portrayal of social order. These perspectives, in other words, tend to reinforce each others. In both cases, individuals are irrational and must be controlled. As a result, most persons do not often balk at demands that they should conform to the imperatives of the market and the prevailing economic reality. Such compliance, in conformity with realism, is considered to be reasonable and basic to success.

## THE FRENCH TRADITION

Modern sociology is thought to have begun in France (Aron, 1968). In this regard, both Comte and Durkheim hold special positions in the history of this discipline. During the early to mid-eighteenth century, France was undergoing the rapid change that accompanied the onset of industrialization. Comte and Durkheim, in fact, feared that this transition might undermine the moral fabric of French society. Hence they devoted much of their respective theories to preventing the spread of the intellectual anarchy they saw on the horizon.

The problem with industrial societies was the radical individualism and the related proliferation of opinions. With the emphasis on entrepreneurship and the rise of the middle class, the individual became the focus of attention. Everyone seemed to be seeking social mobility with little regard for the wider impact of their behavior. But the usual solution to this problem was not available to either Comte or Durkheim. That is, the neither believed that the state could insure order, because this institution, like all others, has been distorted by personal ambition. Therefore, another and more reliable approach to preserving the common good was sought by each author.

Comte tried a two-pronged strategy to re-establish moral order. First, he sought to transform sociology into a science (Comte, 1975). If certain scientific principles were adopted, sociology might become a social physics. The purpose of this *démarche* was to create a body of knowledge that every rational person would recognize as valid. Such knowledge was within the reach of sociologists, if they would only adopt the theory and techniques of the natural or physical sciences. After all, these sciences, according to Comte, are free of values and thus immune to political biases and reveal the truth.



Clearly persons with sound judgment would not ignore scientifically generated descriptions of social rules; such facts could not be easily dismissed. But Comte has another message he thought would promote social solidarity. By internalizing particular social imagery, he believed, persons could be persuaded to join together and work in harmony. Specifically, Comte advanced the idea that the social world was similar to a living organism. And in a manner indicative of all living creatures, the parts of society are integrated and, at least in a healthy organism, operate together. If persons accepted this portrayal of society, Comte believed that conflict would abate.

In both of these maneuvers, the aim is to stifle ambition and secure the common weal. Scientific knowledge, in this sense, defies interpretation and offers an objective and reliable foundation for social order. The organismic analogy, on the other hand, provides a framework where functional behavior is equated with mutual aid and cooperation. As should be noted, however, each of these strategies relies on dualism and introduces an abstract base for society that is untrammelled by values, beliefs, or other sources of human error. Hence society has the stature necessary to restrict how norms are applied and deflect criticism, so that order is not compromised by opinion.

Durkheim has an identical goal but adheres to a different *modus operandi* than Comte. Following the lead of Boutroux and Renouvier, Durkheim (1960: 279) contends that every facet of reality has a particular level of emergence. In less esoteric terms, what Durkheim means is that society, for example, cannot be reduced to chemical, biological, or psychological properties, without a serious loss of information. Society, in other words, has a unique level of emergence that should not be reduced to another other.

Durkheim's particular concern was to find a place for sociology in the French university system, and thus he had to distinguish this discipline from psychology. If sociology dealt merely with individuals, there would be no need for this new field of study. But perhaps more important, Durkheim felt that psychology could not examine society or discover social rules. Sociology, claims Durkheim, can reveal social facts and thus play a vital role in safeguarding French culture and the future of France. Because these facts are universal and coercive, persons are compelled to obey these social imperatives and stifle their personal desires (Durkheim, 1982: 52-55). The realm of the social is the proper field of study for sociology and offers a bulwark against any outbreaks of discord.

Presupposed by Durkheim's discussion of facts is a particular, and quite abstract, rendition of society. Specifically noteworthy is that the characteristics attributed to facts require that society be divorced from human influence.

Indeed, social facts could not constrain persons, if society and individuals belonged to the same ontological domain. Therefore, Durkheim (1960: 61) declares that society constitutes a “reality *sui generis*”. Society, in other words, has the unique ontological status required to intimidate and constrain persons. Through various rituals, persons come to realize that they are part of a much larger social reality that no individual or group controls.

In many ways, Comte and Durkheim were very traditional in their attempt to legitimize social order. Although they both eschewed government as a vehicle of control, other common tropes were embraced. For example, special knowledge could instill the insight that would change disparate individuals into a united force. Old-time alchemy seems to be operative here.

Likewise, similar to Plato’s Ideas, Durkheim’s reality *sui generis* represents a universal reality usually reserved for gods. Almost like soothsayers, Comte and Durkheim tried to provide a glimpse into an ethereal but powerful realm where morality resides. Merging this abstract sphere with everyday life, however, would prove to be difficult, if not impossible.

Comte and Durkheim believed that their theories would help to quell any rejection of society. Therefore, American realists would try to move their work forward but without the old-fashioned themes. Talcott Parsons believed that Comte and Durkheim were on the right track, although, in the end, their descriptions became too abstract or metaphysical. While Parsons engaged in his own style of metaphysics, his portrayal of society was more modern and reflects ideas that became dominant in the United States during the 1950s. His cure for social disorder, accordingly, appears to be rational, even scientific, and consistent with an advanced industrial society where mythology is pooh-poohed.

## THE HOBBSIAN PROBLEM REVISITED

The primary focus of Parsons (1951) was the discovery of an updated solution to the Hobbesian problem of order. Like Hobbes, Parsons believed that society could collapse at any moment. But in contrast to Hobbes, he did not invoke the state to insure tranquility. Likewise, Parsons rejected both the mechanistic and organismic analogies to describe society. All of these strategies were simply too abstract and inconsistent with modern cultural and social expectations.

Parsons, accordingly, introduced a new social image that seemed to be more concrete and analytical. Following the publication of his book *The Social*

*System* in 1951, the social world would be referred to by the majority of sociologists as a social system. A system, as opposed to a body or machine, captured the modern perspective on how a society operates and became very appealing. Due to Parsons' efforts, society would come to be viewed as an integrated, stable, and functioning unit.

But what about the problem envisioned by Hobbes? According to Parsons, the system not only offered an accurate picture of social reality, but would facilitate the management and control of society that was needed. Such an outcome was likely because, similar to Hobbes' Leviathan, the system conveys the message that society is ominous and almost impossible to subvert. When conceived as a system, society would be imposing and impervious to any serious critique. In the manner intended by Hobbes, persons would be intimidated by a system and comply unceremoniously with the demands of a society.

But in addition to being intimidating, human action is minimized in the system proposed by Parsons. The central unit of his portrayal of society is the role rather than a human actor (Parsons, 1951: 25). Every institution, accordingly, is described to consist of a set of roles that are required for a society to function. The education institution, for example, consists of teachers, students, librarians, and so forth. And anyone who has the requisite skills can fill one of these roles, so that the operation of schools is maintained. Nonetheless, these roles are not created by their inhabitants, but are presumed to be inherent to a functioning social system. Role expectations, in the end, are simply encountered and internalized; the evaluation of roles and their deployment is not linked to any social action. In reality, roles are conduits that both channel action and determine the appropriateness of behavior.

Furthermore, the connection between roles does not involve commitment, agreement, or any personal or collective decisions. As Parsons makes very clear, roles are structurally linked together. The basic idea is that the bond between roles is substantial and not easily modified. Additionally, once persons are in their respective roles, each role is aligned automatically to others. An institution is thus integrated without any interference from human actors; roles are established and joined together prior to the introduction to any subjective factors that might cause any confusion.

Later on Parsons (1966: 28-29) completes this picture by adopting cybernetic theory to describe and insure control in society. According to this thesis, humans are equated with energy that is directionless without the guidance supplied by the social system. In his so-called cybernetic hierarchy, persons represent the energy that is necessary for a system to operate, while

society introduces the information that molds this resource into a useful form. As a result, persons are not only confined to their roles but are basically defined by these social units. The system, in this sense, provides the information that enables persons to adjust to their roles and for the system, in general, to function. Hence the system has the latitude to outline the only feasible perspective on how persons view themselves and the manner in which society should operate.

In the language of contemporary philosophy, in the theories of Parsons society is treated as an abstract totality. In addition to being autonomous, society is self-organizing and self-determining. And if they are sufficiently skillful, persons can plug themselves into the operation of this system at various stages of development. The options that are available, however, are a product of the reality that is imposed by society. Consequently, society is at least partially reified, with so much attention directed to control and the related stasis.

Gradually, however, Parsons had to acknowledge that social change is a part of every society. Nonetheless, by the late 1960s he became an evolutionist and, in line with theory, described change to be gradual and almost imperceptible (Parsons, 1977). Change might occur, but any legitimate transformation has to be slow and uneventful. Those who thought that they might provoke change, such as civil rights leaders, would be seriously disappointed by this evolutionary perspective. Simply waiting for intuitions to become more accommodating to black persons did not seem to be a viable alternative in the face of racist violence. But realists, on the other hand, counseled patience and passivity.

Like Comte and Durkheim, Parsons wants to reinforce society against any attack and subsequent breakdown. In the case of Parsons, however, he uses language and descriptions that are consistent with the emerging technical ethos found in the United States in the 1950s. But similar to these other writers, Parsons is trying to convince his readers that they are facing an intractable social reality and should conform to the demands of society. Actually, persons have no choice but to become integrated into society, if they hope to be treated as normal and have a modicum of success. In this way, Parsons believes he has created a rational image of society that is consistent with the aims of Hobbes, but without the mythology and outdated metaphysics.

In many ways, however, these writers sowed the seeds of modern alienation. Nowadays many persons lament the loss of control of their lives and their communities (Bellah, Madson, Sullivan, Swindler, and Tipton, 1985). Almost everyone believes that their opinions carry little weight and that

the prevailing institutions are unresponsive but cannot be changed. In this regard, Comte, Durkheim, and Parsons were successful in demonstrating to persons that they are enveloped by a system that represents their best possible option for a meaningful existence. Any change, accordingly, would likely reverse this progress and plunge society into a dark period.

Challenging current economic trends, accordingly, would only undermine current prosperity and jeopardize the future. Adjustment through networking and continuous retraining thus becomes the strategies of those who are reasonable and productive. Personal and collective efficacy is reduced to propitiating the social system. In many ways, this sort of control is diabolical, since constraint is not necessarily imposed by specific institutional mechanism. As opposed to direct propaganda or barbaric organizational practices, although at times they might be involved, a general miasma of control exists that breeds despair and compliance. A society of control is instituted (Fisher, 2009).

## **IMMIGRANTS BEWARE!**

Realism, however, has not been restricted to theoretical discussions about the need for social integration. Policies on race relations in the United States, in addition to many other countries, have been established on this philosophy. In general, the fundamental premise has been that a society cannot survive without a uniform population. As Parsons (1951: 167-169) used to declare, without a generalized value-orientation a society will disintegrate. The fundamental principle that has underpinned discussions on immigration, accordingly, is assimilation. Every immigrant, stated simply, is expected to internalize the dominant culture of the host society as quickly as is possible.

But the important issue is: How is this adjustment justified, given the ethnic diversity and commitments to democracy of many of these countries? Here is where realism enters the picture. What usually happens is that a particular culture is elevated above all others and treated as necessary and universal. In the language supplied by Alfred Schutz (1962), this configuration of traits becomes the paramount reality and overshadows all other possibilities. Having recourse to dualism allows a specific standard to be de-contextualized and promoted as a cultural ideal. While borrowing from Sartre's (1969) examination of anti-Semitism, this scenario might be characterized as the metaphysics of assimilation.

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As an example of realism, this metaphysics permits a unique and historically specific cultural manifestation to be dressed-up as a universal (Gilroy, 1993). Located in an a-historical sphere, these rules can be treated as if they are part of human nature or cultural imperatives accepted by every advanced society. With a-symmetry established between this ideal and other cultures, rejection of this dominant theme is difficult. This arrangement, moreover, sets the stage for cultural supremacy and the marginalization of a range of persons who do not reflect these core traits. Nonetheless, this dominance is not often judged to be antagonistic to democracy, because the elevation of specific groups is based on universals rather than biases or political motives. Almost by definition, universals are not prejudicial.

This theme is at the heart of the three models used typically to describe race relations in the United States—Anglo-conformity, melting pot, and pluralism (Choi, Callaghan, and Murphy, 1995: 153-163). The first approach is quite straightforward. The United States is touted to be an Anglo-based society and everyone is persuaded to adopt the accompanying language and other cultural forms. The assumption is that these standards are superior to all others and should not be contaminated by foreign ideas or practices.

Anglo-conformity, however, is advocated openly by only the most conservative segments of American society. Such crude biases are thought to be anathema to democracy. Those who are more liberal prefer the other two theses on dealing with immigrants. The image of the melting pot, for example, has been popular since the early 1900s, and is learned by practically every child in school. According to this portrayal of integration, once immigrants enter American society their foreign traits should begin to melt away, thereby revealing something new and improved (Schlesinger, 1992). All of their original and undesirable characteristics, in other words, are transformed into those indicative of an American. In the end, however, the Anglo culture becomes the bedrock of society.

Pluralism began as a reaction to these attempts to homogenize American society. In 1915, Horace Kallen (1915) began to argue that the cultures imported from other societies were not necessarily inferior or disruptive, but in the proper amount could enrich a host country. The problem became how to insure the proper mix. For presumed by this model is that only so much cultural diversity can be tolerated, or the integrity of a society, in this case the United States, will be lost. Arthur Schlesinger makes this point clearly in his book *The Disuniting of America*, when he argues that Anglo culture should not be diluted too much by diversity or the United States will be balkanized and unmanageable.

Basic to immigration policy has been the idea that Anglo culture must be instilled in immigrants without compromise. In this regard, Samuel Huntington (2004) argues that Mexicans are a threat to the American way of life, because of their slow assimilation to the reality of the United States. Even continuing to speak Spanish in the home, for example, has suggested to some critics such as Huntington that this group of immigrants is defying the demands to assimilate and is problematic. Similarly, the retention of an accent, in some circles, provides sufficient proof that a person is not yet a true American.

In realist fashion, cultural diversity is a sign of *anomie* that must be repressed. There should be no wonder, therefore, why multi-culturalism provoked such a wild response from average citizens and some academics, and was identified as undermining American society and possibly modern civilization (Murphy and Choi, 1997: 76-77). Simply put, this movement defied the realist logic at the core of how traditional sociologists, along with many average persons, conceived of an optimally functioning society. Multi-culturalists argued that order can be maintained without the introduction of normative standards promoted as universal. Through the recognition of difference, and the accompanying concessions, various cultures can be joined in a patchwork that is inclusive and orderly. But for realists this method of integration is not reliable, since the requisite absolutes and uniformity are not in play. The resulting order, accordingly, is not reliable and cannot be trusted to ward off successfully the influence of the dubious traits that immigrants bring to the United States.

## REALISM UNDER SIEGE

With Kant's Copernican Revolution, realism became more difficult to support in many philosophical quarters. His argument was that if the mind were a blank slate, as empiricists like David Hume claimed, the world would consist of disjointed sense impressions and be incomprehensible. In order to have a sensible picture of everyday life, accordingly, the mind has to be capable of organizing any input. The implication of this theoretical maneuver is that the knower is united inextricably with whatever is known. Dualism is thus rendered untenable, due to the primordial connection of the mind to reality.

Kant, nonetheless, retained a residue of dualism when he proposed the existence of a noumenal realm. This a-historical and ethereal sphere provides a

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refuge where writers such as Comte, Durkheim, and Parsons can place their normative absolutes. But this region would be called into question with the advent of phenomenology and more contemporary philosophies. For example, Edmund Husserl (1975: 13), the so-called father of modern phenomenology, argued that consciousness is always conscious of something, and with this almost banal phrase counteracted the effects of dualism. Everything that is known, simply put, is mediated by consciousness and subject to (re)interpretation.

But Husserl's notion of intentionality is somewhat esoteric. Postmodern writers, such as Lyotard (1984: 9-11), relied on the later work of Wittgenstein and proposed that language is a game. The game that a person chooses to play, moreover, determines how reality is apprehended. In opposition to the indexical thesis, whereby language is conceived to be merely a pointer, postmodernists contend that language is a creative medium that pervades and shapes every aspect of reality, even those formerly thought to be objective or ideal. Social institutions, accordingly, represents linguistic habits, and thus particular ways of defining normalcy, rather than a reality *sui generis*.

With respect to sociology, various schools of thought have emerged—such as symbolic interactionism and ethnomethodology—that are consistent with the position that social reality is constructed by human action, particularly speech acts. Each has rejected Durkheim's claim that facts, and thus social reality, should be treated as objective entities. While borrowing from ethnomethodology, particularly Harold Garfinkel (1967), their position is that facts are accomplishments and social order represents an on-going invention. Through the ability of persons to anticipate one another's actions, without the aid of objective and universal prescriptions, social order can be engendered. Therefore, rather than constraining behavior, as in the realist scenario, social order emerges from human action.

The point stressed by these constructionists is that order is engaged through discourse between persons rather than scripts. Even institutions that are presumed to be formalized, and thus regulate strictly this interaction process, represent congealed human action. At the root of these organizations, accordingly, is the uncertainty that realists fear and try to avert. Through on-going discourse a façade of stability is promoted, while the resulting institutional forms rest on certain decisions and commitments made by the participants. The alienation of these institutions from their creators, accordingly, is not a part of this tradition.

Due to this abandonment of realism, however, realists assume that the collapse of society is inevitable. Interpersonal discourse, they claim, is not



only an insufficient base of order, but invites persons to rethink the nature of reality and make alternative pronouncements willy-nilly. And the outcome of such spontaneity can only be general unpredictability and disorder.

The realist wing of sociology, therefore, has labeled this anti-dualist orientation micro-sociology. These theories, realists note, may help to explain how persons interact in intimate settings, but they contribute little to understanding the broader social reality, particularly the functioning of intuitions. From the realist perspective, such a critique is thought to be devastating. After all, sociology is supposed to offer insight into the operation of society, rather than simply interpersonal relations. Choosing to deal with such micro-elements, furthermore, diverts attention away from society and shoring up normative expectations.

At best, these so-called micro-schools are addressing issues more appropriate to psychology, and at worst constitute a branch of philosophy. Either way, the idea is that these perspectives misconstrue how order is maintained and intuitions operate. And in the end, because of their rejection of dualism and objectivity, they have little relevance in a modern industrial society.

## CONCLUSION

What has been accomplished by mainstream sociology is that human action has been discredited as a source of rationality and must be controlled. In the search for this control, the ability of humans to create anything reasonable has been seriously truncated. The imagination, in this sense, has been made subservient to the prevailing reality. In fact, without objective, external constraints, persons cannot be trusted to promote a social agenda. Moreover, in the absence of autonomous and powerful institutions, the nightmare envisioned by Hobbes is a real possibility.

But this scenario is not limited to the field of sociology and discussions of crime or some other threat to social the social peace. This realism has also come to the forefront lately in economics, particularly in discussions of the role of the market in creating wealth and harmony. Despite Hayek's (1960: 160) claim that the market fosters order spontaneously, as persons negotiate freely with one another, this device is portrayed in a realist manner. Rather than traders creating the conditions for their interaction, the market coordinates all exchanges. In this respect, persons are required to internalize the logic of the market, if they are to become successful entrepreneurs.

Adjustment to this mechanism, in other words, is basic to smooth trading and economic survival.

The market has thus been externalized, severed from human control, and granted the status of a reality *sui generis*. Very similar to the language of Parsons, the market and the economy in general are described in structural terms, as all changes are attributed to economic cycles or other trends. The accompanying message is that the current economic system is autonomous and constitutes a rational framework that is beyond reproach. Any anyone who fiddles with this device, without much warning, might cause the economy to unravel. If persons choose to intervene in the marketplace, the creation of wealth is likely to be stymied.

In order to alleviate the human suffering that has become quite common, due to the current economic downturn and rise in unemployment, academic and other experts are proposing ideas that skirt around the market. In an attempt to lower the rate of unemployment, for example, those who have jobs could work fewer hours (*The Nation*, 2010). Maybe businesses could create schemes, as an extension of flex-time, whereby persons share jobs? Proponents of such programs argue that these proposals are quite popular in Europe and might be acceptable in the United States.

The immediate problem is that these plans violate the logic of the market and, eventually, will be judged as inefficient and abandoned. Putting persons back to work, therefore, might require the invention and widespread acceptance of a different moral vision and economic reality. But this kind of imagination and intervention has been dismissed by realists as irrelevant or possibly dangerous. Hence persons seem to feel comfortable tinkering at the edges of the current economic system, but creating another is considered to be beyond the pale. When faced with the prospect of a failing economy, both economists and most citizens return quickly to the traditional formulas.

Although the market is supposed to respond to human needs and desires, the same is not necessarily true of the economic system. This system operates according to rules that reflect human nature and a universal logic, and thus is able to channel certain basic emotions or passions into the development a productive social reality. The idea that persons could create a better theory and process, along with the necessary values, is met typically with skepticism. But such a reaction should be expected from realists who strive to control this sort of critique and rebellion.

What persons must begin to recognize is that their current economic predicament is partially a product of their limited vision and inaction. As Bourdieu (1990: 140) says, because they have “misrecognized” their relation

to the current economic reality, and believe that alternatives are not feasible, they have become unnecessarily trapped in an unresponsive economic system. In short, they have fallen prey to realism—which has resulted in the creation of a powerful ideology—and are skittish about creating a different economic reality. Their failure to recognize their creative capacity has left persons confronting an economy that seems ruthless and intractable.

But the good news is that realism is simply a theoretical proposal based on dubious assumptions such as dualism. Only under certain conditions or assumptions, therefore, are persons severed from and possibly controlled by their creations, such as an economic system. A more accurate perception of economic reality is that persons created the current system, possibly under conditions not of their own choosing, to paraphrase Marx (1964), and can opt out or create a more responsive alternative.

Once the untenability of dualism is realized, the credibility often associated with the products of realism is significantly depreciated. Becoming unrealistic, and proposing a new economic reality, is not automatically a sign of immaturity or irrationality and stigmatized. Persons are thus free to experiment, without the fear that they are jeopardizing the economic life of a society. This style of experimentation, moreover, may be central to the current economic impasse, whereby full and meaningful employment and the normal operation of the economy seem to be incompatible. But such free thinking in the current environment of realism is met with disbelief, cynicism, or scorn. Nonetheless, a new economic reality is not necessarily unreasonable.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

### *Chapter 3*

# **NEO-LIBERALISM AND THE MARKET SOCIETY**

*Luigi Esposito*

Barry University, Miami Shores, FL 33161, USA

## **INTRODUCTION**

For over a quarter century, neo-liberalism has been the dominant political-economic paradigm throughout much of the so-called free world. At its core, neo-liberalism demands a religious-like faith in the powers of the unregulated market to promote an optimal society. As such, pro-market policies associated with privatization, liberalization, and de-regulation are central to the neo-liberal perspective. These policies are designed to extend the influence of the market to virtually every sphere of social life (Colás, 2005).

Supporters of neo-liberalism contend that only unrestrained markets “optimally serve all economic needs, efficiently utilize all economic resources, and automatically generate full employment for all persons who truly wish to work” (Shaikh, 2005, p. 41). Thus, the reason why poverty, hunger, infant mortality, unemployment, and sporadic economic recessions continue to exist in the world is because of restraints imposed on the market by entities such as the state and labor unions. Other hindrances include various cultural values and social practices that impede market efficiency. Solutions, therefore, involve eliminating these corrosive forces from the marketplace. In fact, any

institutional alternative to the free market system is typically vilified by neo-liberals as inefficient, tyrannical, and unacceptable.

As an example of the religious-like zeal with which neo-liberals defend the free market, consider the current debates going on in the United States. A perceived attack on neo-liberal policies has, in recent years, led many people to believe that the future of US capitalism is in jeopardy. Specifically, recent calls for caps on corporate executives' pay, along with more regulation of financial institutions to curb irresponsible practices in Wall Street have been met with zealous opposition by various groups who argue that neo-liberal imperatives associated with "smaller governments" and unfettered markets are the only way to correct the current economic crisis (e.g., Cobun, 2008). More important, these neo-liberal principles should be non-negotiable in a free society (e.g., Gatlula 2008). The same fanatical support for unfettered markets guides the opposition against a "public option" for healthcare, which opponents equate with a "government takeover" of what should be a market-driven enterprise in which individuals have "free choice" with respect to healthcare options (e.g., Tanner, 2009).

Yet contrary to claims made by neo-liberals about the efficiency of the free market and its ability to promote individual liberty, consumer choice, democracy, and a tide of prosperity that "lifts all boats," much of the world's population continues to be plagued by poverty, hunger, disease, violence, and a host of other social ills (e.g., Jones et al, 2007). Accordingly, far from a magical elixir to the world's problems, critics claim that pro-market policies associated with privatization and de-regulation have, throughout various parts of the globe, weakened democracy, deepened inequality, destroyed small businesses, eroded the environment, and given corporations an inordinate amount of power over the lives of people.

Considering these outcomes, it is no wonder that neo-liberal policies have to be typically imposed on entire countries— through "free trade agreements" and financial institutions such as the IMF and the World Bank—without any debate or public deliberation. Nonetheless, because neo-liberals are unwavering in their belief that only through a free market can societies reach their maximum potential, the imposition of pro-market policies (even when they have no popular support) is not seen as "anti-democratic." After all, such policies promote individual liberty and ultimately benefit all parties.

This certitude in the powers of the unregulated market suggests that neo-liberalism is not simply an economic model or a set of policies, but rather entails a specific "metaphysics" or view of social reality. This view of reality, grounded on a realist philosophy discussed in the previous chapter, legitimizes

a type of cultural politics in which property rights very often overshadow human rights; citizens are little more than consumers; human/social relations revolve around structures of competition; essential resources and human services (e.g., water delivery systems, healthcare, etc) are conceived as articles of commerce; and the role of government as a “guardian of the public interest” is minimized in favor of unencumbered individualism and self-reliance (e.g., Giroux 2004). In effect, these core neo-liberal assumptions are assumed to be “natural” features of a so-called “free society” that have, since the 1980s, dominated not only economic theory but cultural and political discourse.

The purpose of this chapter, accordingly, is to: (1) trace the historical development of neo-liberalism; (2) address how the neo-liberal worldview—including the deification of the free market system—is predicated on key realist assumptions about human nature, freedom, social relations, and democracy; and, (3) describe current movements against neo-liberalism and the prospect for a “post-market” society.

## **HISTORICAL DEVELOPMENT OF NEO-LIBERALISM**

During the 1920s, *laissez faire* was the dominant economic philosophy in the United States. Driven by the belief that “markets know best” and should therefore be “left alone,” presidents Warren Harding (1920-1923), Calvin Coolidge (1923-1928), and, during the first part of his presidency, Herbert Hoover (1929-1933), sought to make the United States a “capitalist paradise” (Hughes, 1999). This effort entailed, among other measures, cutting taxes, curbing government spending, and slashing regulations to create a social, legal, and political environment that was conducive to business.

These measures, along with developments such as Frederick Taylor’s “scientific management,” enhanced manufacturing productivity and output. As a result, increasing numbers of Americans purchased radios, automobiles, appliances, and other commodities through a newly established “buy now, pay later” approach to commerce and consumption (Hughes, 1999). Yet for most people, this all proved to be merely a veneer of prosperity, as *laissez faire* economics soon led to a host of problems. For example, speculative investment in the New York Stock Exchange became pervasive, corporate monopolies were allowed to form due to an emphasis on de-regulation (e.g., not enforcing anti-trust laws), major banks routinely engaged in irresponsible lending, and wealth and income inequality reached an all time high. According to John Kenneth Galbraith (1954), this all created a scenario in which a



relatively few wealthy Americans were disproportionately responsible for the economy, thus making the entire economic system extremely precarious.

By 1929, unstable economic structures promoted the collapse of the stock market and led to what is commonly known as The Great Depression. The economist John Maynard Keynes analyzed why this economic debacle took place and developed an alternative model that, in many ways, broke from *laissez faire* economics. Keynes suggested that the market alone cannot be entrusted to ensure a viable economy. For example, in an unregulated market, businesses will typically want to maximize productivity while minimizing labor costs. Thus, without state regulations/interventions, problems such as unemployment and low wages will likely arise. This, in turn, will have an effect on a society's "aggregate demand" (i.e., the total demand for desired goods and services).

In short, when people are subjected to the precariousness of an unregulated market, there will inevitably be times when things such as job security will decline and individuals will be discouraged from spending. This, according to Keynes, is problematic, as people's spending is part of other's earnings (and vice versa). In effect, when this circular flow of money exchange falters, an economic crisis ensues in the form of business failures, unemployment, increased poverty, and other adverse conditions. Indeed, by 1933, millions of US citizens had lost their jobs, their earnings, their homes, and struggled to survive (Hughes, 1999).

In order to correct the crisis of the 1930s and prevent future economic catastrophes, efforts were made throughout the West to strengthen the welfare state. In the United States, president Roosevelt pushed for a series of Keynesian-like reforms that, collectively, came to be known as the "New Deal"—a sweeping restructuring of the capitalist economy that deployed the power of the state to ensure economic viability. And while these efforts were stalled with the advent of WWII, they were continued in earnest soon after the war ended. Specifically, attempts were made to build a new political economy in which all business activities were "surrounded by a web of social and political constraints and regulations" that discouraged the sorts of excesses promoted by *laissez faire* capitalism while promoting full employment and the welfare of citizens (Harvey, 2005, pp. 11-12).

These regulatory structures persisted throughout the 1950s and 1960s with a great deal of success in advanced capitalist societies. During this time, in the United States, there was low unemployment, a dramatic decline in poverty, and a decline in wealth and income disparities (Nightingale, 2004, p. 346). Similar trends were also seen in Western Europe (e.g., De Long, 1997). As a

result, laissez faire economic philosophy overwhelmingly lost popularity and most people in Western countries became either “Keynesians, social democrats, social-Christian democrats, or some shade of Marxist” (George, 1999).

Similar to the success of Keynesianism and social democracy in developed Western countries, various countries in Latin America also experienced significant progress under models of developmentalism or “Third World Nationalism” (Klein, 2007, P. 66). Rather than relying on cheap exports, efforts were made—particularly in South American countries, including Chile, Argentina, and Uruguay—to nationalize key natural resources and develop domestic industries. As a result of these efforts, by the 1950s Argentina had a large middle class, and literacy rates in Uruguay reached levels comparable to those of the so-called core nations. According to Naomi Klein (2007, p. 67):

Developmentalism was so staggeringly successful for a time that the Southern Cone of Latin America became a potent symbol for poor countries around the world: here was proof that with smart, practical policies, aggressively implemented, the class divide between the First and Third Worlds could actually be closed.

But despite all these success stories, there was a small group of committed economic philosophers who fiercely opposed any theories of centralized state planning, including Keynesianism and developmentalism. This group of thinkers, which included Friedrich Hayek and Milton Friedman, were members of the *Mont Pelerin Society*, an international organization that was established at a meeting in Switzerland in April of 1947 (Hartwell, 1995). Leery of the aforementioned successes, these theorists were convinced that any attempt to create a planned economy was doomed to failure. Regulations, for example, were seen as little more than hurdles to economic growth and collective prosperity. Furthermore, a regulated economy stifled freedom, as this would require a bureaucratic state apparatus that restricted creative entrepreneurship and personal agency.

In order to eschew these problems, members of the Mont Pelerin Society—many of whom taught in the Department of Economics at the University of Chicago—decided to create an ideological movement that sought to revive laissez faire economic philosophy. Although these thinkers were not taken seriously at first, they did have powerful supporters and were able to produce a vast body of scholarly work that advanced their free market

ideas (Monbiot, 2007). In fact, even in light of the good results produced by Keynesianism and other theories that championed a regulated economy, Hayek, Friedman, and others associated with the Chicago School and the Mont Pelerin Society insisted that their ideas reflected the “natural order of things.” Accordingly, reason and common sense would eventually grant these free market ideas their rightful dominance.

By the end of the 1960s and early 1970s, interventionist economic policies were beginning to show signs of weakness both domestically and internationally. For example, signs of serious capital accumulation became evident and unemployment was on the rise (Harvey, 2005, p. 12). Perhaps more important, Keynesianism and other theories that emphasize a regulated economy had “cost the corporate sector dearly” (Klein, 2007, p. 68). Accordingly, there was a demand for “good ideas,” particularly within the business/corporate sector. It is at this historical juncture that the free market ideas advanced by the Mont Pelerin/Chicago economists began to be taken more seriously. These thinkers combined classical liberal principles and neo-classical economics, including the idea that collective prosperity and individual freedom “can only be guaranteed by free markets and a strong system of private property rights” (Harvey 2005).

Particularly in the United States, where there is a long tradition of “rugged individualism,” many people became receptive to these free-market ideas (Palley, 2005). For example, many people began to question New Deal policies that emphasized a safety net for the poor and other disenfranchised groups. Thus, there was a revival of ideals centered around “self reliance” and “small governments.” Rather than guided by common sense and universal reason, however, support for these market principles and their dissemination was politically motivated.

Indeed, during the 1970s and 1980s, efforts were made to extend these free market principles and structures to other part of the world, commonly by force. By sponsoring military coups and/or supporting pro-market dictators in various developing countries (as in Chile, Nicaragua, and Guatemala), top government officials in Washington (notably free market enthusiasts associated with the Nixon and Reagan administrations) played a pivotal role in spreading free market ideology and bolstering neo-liberal states that were compliant with foreign business interests. In fact, especially by the 1980s, neo-liberal ideology became hegemonic and dominated economic policy and discourse throughout much of the world for the next three decades.

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## NEO-LIBERALISM AND MARKET FUNDAMENTALISM

Although often associated with pro-market policies and financial institutions such as the IMF, the World Bank, or the WTO, neo-liberalism is far more than simply an economic model. Indeed, critics contend that neo-liberalism encourages a type of fundamentalism that conceives the market not merely to be a theoretical construct but a “force of nature” that, if left untainted by human intervention, exists in perfect equilibrium, similar to the way ecosystems self-regulate (Klein 2007, p. 61). On this point, Friedrich Hayek (1944), spoke about the market producing a spontaneous order that, while constituted by human action, is not built by conscious design.

Similar to phenomena in the physical world such as snow flakes or crystals that are not designed consciously but by invisible forces associated with nature, Hayek believed the same can be said about the market, which spontaneously creates a rational and prosperous order rooted in freedom (Peters, 1999). Similarly, Milton Friedman and Rose Friedman (1980, pp. 25-27) make the case that as people pursue their self-interests, the market organizes their self-serving actions into an order that benefits all without any central planning or political intervention. The market, in this sense, is presumably independent of politics and human will and given the status of an “ontological category” (Serrano-Caldera, 1995, p.10).

Consistent with this, Franz Hinkelammert (1991, p. 79) argues that neo-liberalism is predicated on a type of dogmatic realism that grants the market absolute autonomy. The central assumption, therefore, is that we should not intervene politically because the market is much wiser than humans. Simply let the market take its course and this will lead to economic growth and collective prosperity. Accordingly, any crisis (e.g., economic recessions, high unemployment, etc.) that might emerge should *not* be dealt with through human-made regulations or interventions. On the contrary, whatever crisis or problem might surface is taken to be a reflection of artificial human manipulation, and thus solutions involve giving the market even more autonomy—what Hinkelammert refers to as “una política de más mercado”<sup>1</sup> (Hinkelammert, 1991, p. 81).

Since the 1980s, the implied fundamentalism has, especially in the United States, supported an all encompassing rationality that reifies the free market system as infallible. This fundamentalist rationality was famously expressed by Margaret Thatcher with the acronym TINA—i.e., “there is no alternative.”

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<sup>1</sup> A politics of more market.

Indeed, especially by the late 1980s and early 1990s, in light of the collapse of the Soviet bloc, there was fervent optimism in the West that free market capitalism represented the best, and likely the last, system that humanity would ever need. To use Francis Fukuyama's famous phrase, the triumph of liberal democracies and free markets over socialist systems signified "the end of history" (Fukuyama, 1992). History, therefore, no longer needed to be made. Critique, innovation, and activism were suddenly considered obsolete human practices, at least as they pertained to the free market economy. After all, why bother challenging a system that is presumably insuperable?

According to critics, the market fundamentalism supported by neo-liberalism makes this viewpoint particularly dangerous. Indeed, while some claim that the neo-liberal ideas advanced by Hayek, Friedman, and others are essentially an extension of classical liberal principles, neo-liberalism is a much more radical version of this school. As discussed by Henry Giroux (2004, p. xxii) "the neo-liberalism of Friedrich Hayek and Milton Friedman is far more ruthless than the classical liberal economic theory developed by Adam Smith. . .in the eighteenth century." Thus, for example, while classical liberals like Adam Smith emphasized a *laissez-faire* approach to commerce, he also warned against the dangers of an economy that allowed personal riches to supersede social needs (Korten, 2001, p. 81; Chomsky, 2005, pp. 146-147).

On the other hand, neo-liberalism promotes a social Darwinian type of universe that "celebrates a ruthless competitive individualism" and a "a winner take all society." (Giroux, 2004, p. xvii). To borrow from Pope John Paul II, neo-liberalism invites a type of "savage capitalism" in which ideals related to social equality and economic justice are denigrated as obstacles to freedom. Because the market is assumed to be a neutral arbiter, all outcomes produced at the marketplace are assumed to be fair. Inequality, therefore, is simply a natural outcome of freedom. Accordingly, problems like poverty can only be resolved by enhancing competition and encouraging those who are poor to overcome whatever personal deficiencies might be holding them back. Solutions, in other words, involve making the necessary personal adjustments that will enhance competitiveness and hence bring rewards at the marketplace.

Important to understand, however, is that the type of fundamentalism advanced by neo-liberalism reifies not only a market economy but a market society. Under neoliberalism, stated otherwise, the logic of the market shapes far more than economic exchanges and modes of production; this logic becomes an all encompassing view of social reality (i.e., a metaphysics) that seeps into virtually every sphere of social existence. As Giroux (2009) states, neoliberalism advances a vision of social reality that shapes "public values,

ideologies, modes of rationality, and common sense assumptions that produce both neo-liberal beliefs and the subjects who accept such beliefs.” In this sense, neo-liberalism shapes the way many of us “interpret, live in, and understand the world” (Harvey, 2005, p. 3). What follows, accordingly, is a discussion of some of the core metaphysical assumptions and presuppositions that give legitimacy to the neo-liberal market society.

### **NEOLIBERALISM, HUMAN NATURE, AND THE EROSION OF “THE SOCIAL”**

Drawing from classical liberal portraits of “homo economicus” found in the works of Adam Smith, David Ricardo, and John Stuart Mill, neo-liberals understand human beings as self-serving agents who constantly make rational calculations of what will serve their best interests. Thus, unless restrained by tyrannical controls, human action is essentially “a mathematical exercise in [the] maximization” of self interest (Kirzner, 2000, p. 19). All human action, in short, is conducted according to a calculus of utility and profitability. Far from a condition that is somehow fostered or artificially imposed, however, both classical liberals and neo-liberals understand this behavioral tendency to be a product of essential (i.e., fixed) human qualities. The implication, therefore, is that free markets are outgrowths of human nature and therefore exist as “natural” systems.

Clearly, if one takes seriously the claim that the free market is simply an institutional extension of human nature, Thatcher’s argument that “there is no alternative” becomes perfectly legitimate. For this reason, Frederic Jameson (1991, p. 263) has suggested that opposing this idea is vital to the struggle against free market ideology. As he puts it, the idea that “the market is in human nature is the proposition that cannot be allowed to stand unchallenged. . .it is the most crucial terrain of ideological struggle in our time” (Jameson, 1991, p. 263). Indeed, if the market is simply a reflection of human nature, challenging the market system becomes an exercise in futility. As such, all injustices and inequalities structured into the market system also become immune to critique.

Also implied by the neo-liberal understanding of human nature is the idea that people are autarkic beings who “derive and renew their energy from within themselves” (Beck and Beck Gershein, 2002, p. xxi). People, in effect, are conceived as self-contained units severed from the complex web of

cultural meanings and social relations that motivate and give meaning to their actions. What this also suggests is that the notion of “the social” is an abstraction that should not be taken very seriously. On this point, Margaret Thatcher famously stated that “there is no such thing as society. There are only individual men and women. . .” (Keay, 1987). Whatever “social problems” might exist, therefore, are addressed through individualized/market based as opposed to collective solutions. As discussed by Wendy Brown (2006), fear about security and safety are dealt with by installing security systems and gates; concerns about water purity are resolved by purchasing bottled water; failing public school systems are dealt with by giving school vouchers to individual students, etc. In short, because only individuals matter, and all problems (as well as their solutions) are privatized and resolved at the marketplace. To borrow from C. Wright Mills (1959), all public issues are turned into private troubles.

Also important to understand is that while both classical liberal and neo-liberals embrace a similar “anthropology” of people as economic subjects, neo-liberalism moves beyond the classical liberal focus on “bartering, trucking, and exchanging” and emphasizes an ultra-competitive type of individualism whereby subjects have no responsibility for anyone other than themselves (Read, 2009). Accordingly, social bonds are often seen as an impediment to self-maximization and discouraged. Thus, for example, community responsibilities, family obligations, or friendship loyalties are often seen as impediments to personal success. After all, to remain competitive at the marketplace individuals are expected to move to where jobs can be found and to adjust their personal lives to whatever the market demands, even if this means severing all social bonds (Alexander, 2001). The larger point, however, is that because this demand to “remain competitive” is seen as part of an underlying natural order, those who do not suppress cultural values or traditions that emphasize family/community loyalties for the sake of remaining marketable are often labeled as unproductive, deficient, unreliable, or idealistic.

## **NEO-LIBERALISM AND FREEDOM**

The neo-liberal version of human nature as calculating, competitive, and entrepreneurial also informs this philosophy’s understanding of freedom. Simply put, freedom is synonymous with allowing individuals to pursue freely their self-interests. Accordingly, free markets are a requisite for freedom. As

stated by Milton Friedman (1982, p. 15), “underlying most arguments against the free market is a lack of belief in freedom itself.” For this reason, any intervention against “free competition” is considered by neo-liberals to be tantamount to totalitarianism (Read 2009, p. 30). Indeed, Friedrich Hayek (1944) was quite clear on this point and argued that any attempt to regulate an economy through centralized planning invariably puts societies on a “road to serfdom.”

This aversion to economic and social planning is also what motivates neo-liberals to oppose social justice. After all, because a genuinely free society is one in which order is not planned but created “spontaneously,” there is no “artificial” (i.e., socially planned) standard or basis on which to evaluate whether or not something is just or unjust (Hayek 1976). The implication, accordingly, is that whatever outcomes are produced at the marketplace are simply products of a purely apolitical, non-contingent freedom. Therefore, any effort to regulate this process for the sake of ensuring results that are “just” inevitably involves a subjective imposition that is coercive and hence antithetical to freedom.

Clearly, this neo-liberal tendency to emphasize individual liberty and reject any planned effort to foster collective well being as “tyrannical” suggests that freedom becomes “an exercise in self-development rather than social responsibility.” Freedom, in effect, exonerates individuals—particularly those who have wealth and power—of any responsibility to others as they simply exercise their liberty to pursue their self-interests.

On this point, Henry Giroux (2004, pp. 62-63) suggests that:

Freedom is no longer about either making the powerful responsible for their actions or providing the essential political, economic, and social conditions for everyday people to intervene in and shape their future. Under the reign of neo-liberalism, freedom is less about the act of intervention than about the process of withdrawing from the social and enacting one’s sense of agency as an almost exclusively private endeavor.

Clearly, this is precisely the type of freedom that discredits policies to help the poor or discourages regulations that impede transforming natural resources into articles of commerce. Here again, these interventions are seen as little more than obstacles to freedom. Why should people have to care about the plight of the poor or whether or not someone can afford drinking water? Ultimately, the free market will resolve these issues. At most, neo-liberals



claim that these sorts of concerns can be dealt with voluntarily in the private realm (e.g., through acts of charity), but should not drive public policy.

Also central to the neo-liberal understating of freedom is the notion of free choice, which is typically exercised within the context of consumerism. Thus, for example, the fact that a wealthy society like the United States might have millions of people living in poverty does not compromise this country's status as a "free society." As long as those same people have the liberty to choose among different varieties of consumer products, they are considered to be "free." And even if they cannot afford the commodities they desire or the lifestyle they yearn for, all people in a free society have the liberty to work harder, improve their economic standing, enhance their buying power, and freely exercise their agency as volitional beings.

Yet as discussed by Hinkelammert and Jiménez (p. 35), the neo-liberal emphasis on "free choice" fails to take into account that to "choose" one must first be able to live. Obviously, the freedom to choose is not very liberating for millions of persons around the world who are regularly denied their very lives by structures of poverty and deprivation. Furthermore, the neo-liberal emphasis on "free choice" does not account for how individual preferences are managed in a market society. As is well known, through various institutional mechanisms (e.g., the advertisement industry, the entertainment industry, education, etc) a market-based vision of social reality is normalized and disseminated that shapes personal desires. For example, people's understanding of worth, success, desirability, prestige, attractiveness, and normalcy is shaped by normative standards that are created at the marketplace but taken to be part of the so-called "real world." Personal choices, therefore, are seldom freely developed options and reflect hegemonic perceptions of social reality that are created, financed, and disseminated by powerful entities (e.g., corporations) that dominate the so-called "marketplace of ideas."

## **NEO-LIBERAL DEMOCRACY**

Unlike fascism and other forms of totalitarianism, neo-liberalism is not oppositional to formal democracies. In fact, neo-liberalism, particularly in the United States, works quite effectively through electoral democracy, as this type of system allows the dominant political parties that typically pursue the same—or at least very similar—pro-market policies to be legitimized through the vote (McChesney, 1999). Moreover, virtually all aspects of this process

operate within the same logic of the market and its emphasis on individualism, competition, and instrumental rationality.

As has been well documented in the United States, candidates who run for political office focus mostly on competing with one another and garnering funds to advertise their campaigns. And while some substantive issues might be debated, candidates typically maximize their public appeal by highlighting what neo-liberal subjects view as important—i.e., personal values and individual traits. Accordingly, electoral democracy ceases to be a social project and is, instead, reduced to an activity centered on particular individuals. Even Barack Obama’s wide public appeal in the last presidential election, which was presumably based on the president’s lofty message of “change,” was actually, to a very large extent, predicated on a “cult of personality” that resonates with the neo-liberal tendency to emphasize the personal/private realm.

Most important, however, is that in the neo-liberal universe, democracy is synonymous with a pro-business government. In fact, any government that challenges pro-market policies is considered by neo-liberals to be undemocratic, no matter how much popular support they might have. As stated by Robert McChesney (1999, p. 10), under neo-liberalism “democracy is permissible as long as the control of business is off-limits to popular deliberation or change—i.e., as long as it isn’t democracy.”

Furthermore, the sort of competitive, Social Darwinian type of order that is encouraged by neo-liberalism promotes a depoliticized citizenry that is anathema to an effective democracy. After all, an effective democracy requires that people have a strong sense of connection to their fellow citizens. However, because of the emphasis on self-interest and competition, neo-liberalism erodes communities while fostering an atomized society in which human relations are transformed into market relations and citizens are turned into consumers. In short, the neo-liberal version of democracy is synonymous with a market-based order where governance and civic engagement are “no longer investments in public life and collective responsibility,” but rather work to sustain market driven needs associated with buying, selling, and consuming. What results, therefore, is a type of democracy that reproduces and legitimizes a free market society and all the problems that are structured therein.

## **THE END OF NEO-LIBERALISM?**

The current global economic crisis has spurred various commentators to

announce the likely “end of neo-liberalism” (e.g., Stiglitz, 2008). According to these critics, by resisting a robust system of regulations and blindly following Hayek’s and Friedman’s philosophy, various US administrations—from Reagan, to Clinton, to Bush—contributed to the expansion of speculative markets that crashed so dramatically in 2008.

Out of this debacle, however, might emerge a new type of economy. Many of those who express this viewpoint find possibilities in the current Obama administration. According to Jerry Harris and Carl Davidson (2009, p. 4), for example, while Obama is a pragmatic centrist, he (perhaps more so than many previous democrats) is more attuned to the interests of the working class and appears to endorse Keynesian-style solutions to the current crisis. Thus, although by no means a radical, Obama seems motivated to push for a more regulated economy, so that the rampant greed on Wall Street does not trump the interests of Main Street. At the heart of this approach is the realization that the market is not autonomous or infallible.

Yet while the current administration seems motivated to push for regulatory reform and mainstream media discussions about the need for more corporate responsibility seem more common, overcoming the perils and injustices associated with neo-liberal capitalism requires far more than simply a few regulations that might constrain corporate greed and irresponsibility. What is also needed is a concerted attack on the common sense assumptions—what Giroux (2008, p. 113) refers to as the “ideological circuitry of hegemonic knowledge”—that continue to support the neo-liberal vision of social reality and the institutional practices that presuppose and reward this vision (e.g., privatization, hyper-consumerism, commodification, etc).

The central point at this juncture is that neo-liberal capitalism and its abuses will not likely be challenged if people continue to associate human nature with egotism, freedom with competition, human relations with market relations, success and desirability with material wealth, citizenship with entrepreneurship and consumerism, rational action with utility maximization, competency with marketability, personal ambition with wealth-seeking behavior, privatization with efficiency, vital human needs and services (i.e., water, health-care, etc) with profit-driven enterprises, and democracy with a pro-business style of government.

As discussed by Bourdieu (2001, p. 128), “political [and economic] subversion presupposes cognitive subversion [and entails] a conversion of the vision of the world.” Any end to neo-liberalism, in effect, requires a radical new vision that might inspire oppositional utopianism and new forms of agency. At the heart of such an effort is the need to break from the sort of

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realism that breeds cynicism. Currently, movements around the world are engaged in precisely these sorts of efforts.

### **CONCLUSION: BREAKING FROM “CONVENIENT CYNICISM:” BEYOND ABSTRACT REALISM AND THE MARKET SOCIETY**

As discussed above, neo-liberals believe inequality to be an inherent feature of free societies. And while those who are suffering are urged to exercise their freedom to improve their economic standing, utopian fantasies about challenging the market order and building a more equitable society are assumed to be unrealistic and unproductive. These sorts of beliefs are consistent with what Russell Jacoby (2000) refers to as “convenient cynicism.” This cynicism is convenient in a narrow and hegemonic sense, for it gives the status quo an aura of universality and immutability.

In recent years, however, people are beginning to question the sort of realism that breeds this sort of cynicism. Indeed, movements all over the world have developed that question the market society and its ability to promote a favorable future for the majority of the world’s people. And although the world is obviously complex, there is increasing awareness among people around the globe that many of their concerns (e.g., poverty, violence, worker exploitation, environmental degradation, human rights violations, racism, sexism, etc) are, in their current variegated forms, all interconnected symptoms of a larger global order that is dominated by the market and its attending values.

This awareness has inspired solidarity projects such as the World Social Forum, The World Forum for Alternatives, and a myriad of other organizations. Rather than succumbing to market fundamentalism and accepting whatever outcomes are produced at the marketplace, these activist groups and organizations are guided by the idea that another world is possible outside the dominant market society. For example, the Bamako Appeal, a 2006 document endorsed by anti-neoliberal activists around the world, calls for a new “universal civilization” rooted in a “new collective consciousness” that prioritizes ideals such as diversity, peace, justice, and sustainability (see The Bamako Appeal).

In a very concrete sense, the Bamako Appeal and various other anti-neoliberal efforts and movements around the world embody the utopian

sentiments expressed during the global uprisings of 1968, when activists urged people to “be realistic [and] demand the impossible.” Rather than accepting the world “as it is,” contemporary anti-neoliberal activists focus on imagining alternatives to the present social reality. These groups recognize that social reality is not an abstract coercive force that reflects some natural order, or a-historical design associated with the market, but rather a praxis-based domain that is largely shaped by human commitments, beliefs, and choices. As such, the realm of the possible is indeed expanded, as people are no longer spectators of history (as if history was autonomous) but rather creative agents who can defy the past, rethink the present, and shape a new future.

In recognizing that all social arrangements are inextricably tied to people’s actions or inactions (as opposed to ethereal market forces), persons cannot justifiably exonerate themselves of responsibility for much of what happens in the world. Poverty, hunger, and violence, for example, are no longer simply a-political/a-historical market outcomes that might (or might not) be resolved in time. Market forces, in this case, are no longer a legitimate basis on which to legitimize impotence. These problems are exposed to be outcomes predicated on human assumptions, decisions, and social practices that can be addressed, rethought, and resolved with sufficient will and accompanying *praxis*. From this perspective, another world is indeed possible.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

*Chapter 4*

**THE KEYNESIAN REVOLUTION:  
MARKET RATIONALITY AND SOCIALLY  
SENSITIVE ECONOMICS**

*Steven L. Arxer<sup>1</sup>, Willam Van Lear<sup>2</sup>  
and Peter Lodge<sup>2</sup>*

<sup>1</sup>University of North Texas, Dallas, TX 75241, USA

<sup>2</sup>Belmont Abbey College, Belmont, NC 28012, USA

**INTRODUCTION**

Toward the close of the first decade of the 21<sup>st</sup> century the United States entered into the greatest financial crisis since the 1930s Great Depression. The immense scale of the financial meltdown has not only impacted domestic and international economies, but also shaken the very foundation of capitalist ideology. Deep concerns and critiques of the world capitalist order no longer are shared by the radical Left alone, but now mainstream commentators also are asking the unimaginable question: Is It The End of Capitalism? (Faola 2008). It is within this context that the ideas of the “old master”, John Maynard Keynes, “have again made a comeback” (The New York Times 2010). As opposed to the strong *laissez-faire* approach of Milton Friedman and the Chicago School, for example, governments across the world have presently “enacted Keynesian stimulus packages” with the knowledge that markets

would not inherently self-regulate and provide correctives without government intervention (The New York Times 2010).

Although Keynes clearly continued to express faith in markets, he also recognized that their complete autonomy was not justified. What this insight meant to Keynes is that for an economy to operate effectively, attention must be given to much more than markets. Therefore, he proposed that interventions were necessary to keep markets in line with social needs. Central to this essay is that Keynes' economic outlook includes social imagery very different from neo-liberalism and, in general, *laissez-faire* economics. Keynes shows that markets have a social side that must be given recognition; otherwise economies will gradually perform sub-optimally and be socially unresponsive. In all, Keynes attempted to come to terms with markets by uncovering their shortcomings. This paper, therefore, discusses a facet of Keynesian theory that has received little attention yet may accompany his economics. In particular, Keynes's understanding of the sub-optimization of markets has not been linked with philosophical criticisms of dualistic accounts of rationality. Keynes did not describe (economic) logic and judgments as unrelated. In some ways, Keynes represents a departure (albeit not a complete one) from an overly dualistic conception of reason, which has historically been a product of Western philosophy.

This paper will be organized in the following manner. First, how rationality has traditionally been described in the Western tradition will be discussed, as well as the close association of markets with this world-view. Second, Keynes is presented as critiquing key principles of classical economic theory and *laissez-faire* economics. What is important here is that Keynes recognized these classical principles (e.g., the Quantity Theory of Money and domestic employment markets) as operating in relation to other social considerations (e.g., debt structures, weak demand, and class inequality). Importantly, Keynes understood that the idea that markets naturally self-correct is erroneous, at least to the extent that optimized markets depend on more than economic behavior that is guided by classic market principles. Third, Keynes' critique of classical economy theory shows how certain market principles can gain undue privilege in economic life because economic behavior is divorced from larger social contexts. And fourth, Keynesian economics is argued to be an alternative image of economic life and the social bond to that offered by classical economic theory.

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## REASON, MODERNITY AND THE MARKET

Throughout the Western tradition, a dualistic rendition of the relationship between reason and unreason has dominated (Murphy 1989: 107). Specifically, reason has been conceptualized as a distinct and superior realm of judgments that emerges only after overcoming the limitations of everyday concerns (Bordo 1987). In more philosophical parlance, opinion (*doxa*) must be avoided so that more substantial, real knowledge (*epistēmē*) may be revealed. In this way, the path to reason is cleared by avoiding the interpretive biases endemic to subjectivism. A basic principle of dualism is that subjectivity should be repressed so that objective considerations can more clearly guide both personal and social behavior.

An obvious issue associated with epistemological dualism stands out. Because reason depends on the repression of interpretation, self-denial becomes a prerequisite in the knowledge acquisition process. Nevertheless, the Western tradition has continued to insist that rationality cannot be muddled by human exigencies. Plato and Aristotle, for example, both argued that only after consulting an external referent that is immune to human influence can persons be guaranteed that the mind accurately reflects reality (Murphy 1989: 5-6). The former understood reason as embodied in the realm of the Forms, while the latter preferred to see truth encapsulated in the essence of Things. In both cases a correspondence theory of truth is maintained, whereby rationality refers to judgments that accurately reflect/respond with reality. In the Medieval Period the source of truth was divine, so practices were employed to liberate persons from their bodies so that divine inspiration might be obtained.

Similarly, the modern age is said to have emerged from the shackles of superstition, the darkness of ignorance, the scourge of indenture and inhumanity into the light of rational, scientific thinking and humane social arrangements with free individuals at its center. This is the heart of later 18<sup>th</sup> and 19<sup>th</sup> century *liberalism*<sup>1</sup>. The quest for ancient (Greek) knowledge that one associates with the Renaissance was, in part, associated with the high-minded goal of the reunification of the Roman and Greek Orthodox Churches. It was also associated with a less noble desire to manipulate the world. "The Renaissance began as a dream of the power locked in ancient knowledge on

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<sup>1</sup> 18<sup>th</sup> Century liberalism should not be confused with what we think of as liberalism today. To be a liberal at this time was not only to believe in individual rights and responsibilities, but also to believe that State had no role to play in individual affairs and that should be very limited or non-existent in social and economic matters. With regard to the latter, the policy of *laissez faire* is the epitome of liberal economics.

the part of the princes, and continued as a search for power, for means to manipulate nature, on the part of philosophers” (Hirst and Woolley 1982:231). Of course, the development of dualistic rationality was not that simple or quite so neat and tidy.

The Renaissance was not only about the growth of a more perfected rationality, since within this Age of Reason there were contradictions. A great number of individuals, for example, engaged in behaviors and held beliefs that might be considered irrational by today’s standards. Newton (Sir Isaac), for instance, devoted very little of his life’s work to what he is remembered for today. Science books tell us about his conceptualization of gravity, the development of his theory thermodynamics, and his concept of the clockwork universe. In fact, he spent most of his time trying to turn lead into gold, pursuing the ancient dream of alchemy. The Renaissance, therefore, was "saturated" with beliefs in the occult and the ancient arts of conjuring demons. There are other apparent contradictions too. Michel Foucault has pointed out that torture, for example, was "perfected" in the Renaissance, and similarly Hirst and Woolley, Zilboorg, Cohn, and others note that the European "witch craze" came after, rather than before the modern Age of Reason.

Nevertheless, as Max Weber notes, this new “Age of Reason” became increasingly linked to the disenchantment of the world. Disenchantment, the removal of uncertainty from the world, represented a break from religious dogma and mystery as explanatory devices and social models. It entailed the peeling away of the so-called magical, mystical, and supernatural features of the world. In particular, the Age of Reason became associated more with the rise of science and technology. Both of these developments became essential for gaining untainted, value-free insights into the operation of the world. The point here is certainly not to be exhaustive, but simply to highlight the recurring dualistic viewpoint on rationality. The rise of modernity signals the intensification of the methods used to ensure a fully neutral vision of reason.

The idea that reason and knowledge acquisition neutralize subjective thinking was not foreign to economists. The classical economic theory of Adam Smith is certainly a case in point, as his conception of the market in capitalism represents an attempt to *manage* the personal biases and preferences that would impact the operation of the market. In this regard, Smith argued that the capitalist economic system operates best (i.e., at optimal efficiency) when the State has no involvement and does not interfere with the inherent rationality of the market. What makes the market rational is that it provides a space for individual traders to pursue their own self-interest. Traders seek to maximize gains and minimize losses, while the combination of everyone’s

self-pursuits neutralizes any single individual's role in the market system. A policy of *laissez faire* would naturally contribute to the common good and social harmony, as a series of cost-benefit decisions generate rational trading and economic wealth.

What is important is how rational knowledge is imagined and produced at the marketplace. Specifically, rational responses in the economy are defined as those which lead traders to optimal or profitable results. Here traders look for signals (opportunities) at the marketplace and respond to those indicators as quickly as possible either in the form of buying or selling. Moreover, the ability to see clearly market signals comes primarily through the implementation of modern scientific/technical methods. With the aid of technical simulations and models that chart out the likelihood of different buying or selling scenarios, decision-making is made reliable and accurate. The formalization and quantification of information allows for the modeling of trading scenarios in the form of "if/then" statements (Dreyfus and Dreyfus 1986: 101-121). Assuming certain inputs, the probability of certain outcomes is revealed. Good decisions become self-evident (thus natural) as persons make evaluations in terms of which trading outcome accrues the greatest return on investment. This is the rationale for why the State should not interfere in the market, as market signals may become unreadable by traders.

Because market signals are set by buying and selling opportunities, State policies may obscure the extent of profit maximization in a business venture. For instance, financial regulations or taxes which impact revenues may change depending on the government administration in power. Politicians and their policies may be guided by political considerations such as re-election, which may be very different from the cost/benefit logic prescribed by the market. In short, trading scenarios become "unpredictable" because the profitability of an investment is no longer determined by the discipline of the marketplace—namely, that economic decisions are made on the basis of the pattern of buying and selling that generates the greatest reward. Reminiscent of Plato's Allegory of the Cave, the modern trader is said to escape the darkness of economic risk only through the strict use of econometrics which sheds light on the profit return of potential trading gambits.

In this scenario, reason is certainly reified and idealized (Schackle 1972: 106-107). This happens in two ways. First, reason is highly mechanized through the formulation of logical propositions. The amount of data, in this case, determines the number of probable trading scenarios that are developed. Second, and maybe more important, the model of reason used to evaluate market inputs is determined *a priori*. That is to say, reason is understood as the

simple relationship between market stimuli and responses by traders. Even in the absence of complete information, the assumption is made that all traders will respond the same way.

As Max Weber notes, in the Western tradition rationality has been understood in a universal way. One of the central organizing principles of the modern age is the concept of rationality. First, the source of reason seems to emanate from some kind of inherent logic in the evolution of social arrangements. There is a tremendous paradox here in that this modern attribute has magical or mystical qualities. Reason is outside of human agency; it is extra-human or "supernatural," and in this sense pre-modern and a throwback to earlier times. Rationality represents an almost externally operating force whereby social action evolves inexorably into increasingly rational forms. Second, rational systems (e.g., the market) impose on human agents. So, for example, bureaucracies are established by the purposeful construction of a hierarchical division of labor and the imposition of rational procedures to regulate organizations.

The question, however, is whether reason is this pristine and do traders evaluate information simply mechanistically to fully take advantage of opportunities? A variety of modern writers have critiqued this idealized view of reason, arguing that reason has a social side that must be appreciated (Murphy1986). Reason is in many ways socially constructed because persons invent, support, and express "rationality" through qualifications. Rather than universal reason is thematic, since what constitutes rationality is delimited by specific circumstances. In short, interpretation pervades reason, as persons must agree to determine the parameters (e.g., a focus on supply production or demand employment opportunities) that justify a set of decisions as "rational". In this regard, social conditions are important in shaping the decision-making process. The selection, organization, and evaluation of the facts used in economic decisions are imbued with values, beliefs, and commitments. From this point of view, reason should be viewed as contingent. The implication is that the market cannot be viewed as a source of pure rationality that disciplines traders as long as they clearly see market signals. Instead, the market should also be appreciated as imbued with different assumptions about what counts as rational buying and selling. Simply put, values are "pre-operative" and used to *interpret* market stimuli and fashion a response.

Weber spent much of his academic career exploring the nature of rationalization in one form or another, and observes that a rational system may have irrational and "unintended" outcomes. In speaking about bureaucracy, Weber notes that reason demands that bureaucratic operations to be

impersonal, which may result in depersonalization that reduces the quality of human life. In Weber's terms, consequences of rational systems can produce irrational outcomes. Weber was not alone in recognizing some of the irrational characteristics of modernity.

The economist Keynes represents an attempt to move away from a strict dualistic accounting of rationality that bifurcates reason from human exigencies. Keynes, for example, exposes that private markets are influenced by subjectivity and trading decisions have social impacts. Keynes attempted to contextualize markets so that economic decisions are not removed from the multiple considerations that give rise to their behavior. Although he does not abandon the idea of the private market altogether, Keynes did broaden depictions of trading. A major contribution of Keynes to discourses of market rationality is that reason and human judgment are allowed to mingle. This is significant because a broader view of reason and decision making is allowed to surface. This, in turn, exposes the contingent logic used by traders to organize economic activity. In short, the social effects of markets, as Keynes notes, may not necessarily lead to the wealth of nations.

## **KEYNES AND THE MARKET: THE IRRATIONALITY OF RATIONAL SYSTEMS**

Keynesian and post-Keynesian economics represent a corrective to classical economic theory and *laissez-faire* capitalism. Keynes' intention in the 1920s through the 1940s was to make the case for a government intervention that preserves economic freedom, the profit motive, and private property but fosters better economic performance so that the broader social need is met. Meltzer describes Keynes' perspective this way: "Keynes came to believe that institutional arrangements are not simply a means by which societies allocate resources ... [but] constrict or expand the set of feasible outcomes and, ... condition and perhaps determine what a nation, or the world economy, can achieve" (1988: 207). Keynes advocates a reasoned intervention to develop effective policy and institutions to address economic problems. For him, the issue is not whether capitalism or markets should be replaced but finding an effective means to limit the negative effects of unrestrained pursuit of self interest. Keynes writes,

... dangerous human proclivities can be canalized into comparatively harmless channels by the existence of opportunities for money-making ...



which, if they cannot be satisfied in this way, may find their outlet in cruelty, the reckless pursuit of personal power and authority, ... The task of transmuting human nature must not be confused with the task of managing it. ... it may still be wise and prudent statesmanship to allow the game to be played, subject to rules and limitations, ... (1997: 374).

Keynes' view of the market system can be found in his critique of classical economic theory and the market mechanism as practiced in his day. These critiques centered on the gold standard, international trade, the operation of domestic employment markets, and the speculative character of financial markets.

## THE GOLD STANDARD

In the nineteenth century, the world's financial center was located in London and the pound was the global transaction and reserve currency. The global monetary system was built on a gold standard that fixed exchange rates among countries. Large capital flows cross borders, falling transportation and communication costs, and falling tariffs encouraged global economic interconnection (Brawley 1998). Britain's hegemonic power allowed them to influence substantially international political and economic relations, and enforce international trade and monetary rules.

The gold standard provided a means of payment for international transactions among countries. Currencies were pegged to gold at a fixed rate thereby fixing the exchange ratios among currencies. Transactions were often made in currencies because all currencies were convertible into gold. This mechanism for regulating international payments required no outside regulator. Gold discoveries increased the liquidity of the system and gold flows were supposed to correct balance of payment deficits and surpluses.

Keynes was critical of the gold standard because policymakers gave up control of their own currencies (Clarke 1990: 33-46, 89-90; Meltzer 1998: 48-55). Keynes argued for monetary stability through a managed currency, not one controlled by an impersonal mechanism. The gold standard affected internal prices, not just external prices, and such price movements affected the domestic distribution of wealth and production. He also doubted the self-equilibration assumption underlying the operation of the gold standard. Trade deficits may not be reduced sufficiently by gold outflows if prices are not fully flexible, and the lack of control over domestic interest rates imposed by the

gold standard undermined policymakers' ability to influence employment. A managed monetary system is necessary to stabilize prices and production.

The theory that underpinned the gold standard was the Quantity Theory of Money (see Meltzer 1988: 85-100). This theory was a derivative of the Equation of Exchange, a truism, that described the link between expenditures and production. If the money supply is multiplied by the velocity of money, then total expenditures in the economy will equal the total value of production, described as output multiplied by price. The theory posited a direct relation between increases in the money supply and proportionate increases in the price level. Keynes made the case that both output and velocity vary pro-cyclically and should not be assumed to be constant. Therefore, one could not assume a direct link between changes in money and prices. Gold standard supporters preferred the metallic standard because gold's scarcity inhibited economic growth and thereby price increases, and scarcity kept the value of money high, a major concern of creditors.

Over the course of the 1920s, Keynes becomes more concerned with output and employment levels, and sees the Standard as undercutting policymakers' ability to improve performance in terms of output and employment. Essentially what we have here was a policy designed by policymakers to prevent their own intervention into the workings of the monetary system, despite its broad effects on the economy and its strong bias towards creditors. Perhaps it is irrational to abdicate responsibility for such an important mechanism when officials are accountable to the public for the functioning and performance of the overall economy?

## **INTERNATIONAL TRADE**

During the upheavals of the WWI era, countries abandoned the gold standard in order to more easily finance their war efforts. The currency instability of the 1920s encouraged countries to reestablish the gold standard. But the strictures placed on money and economic expansion in the 1920s, and especially when the depression hit, once again called into question the efficacy of a monetary standard. And Keynes attributes to both the gold standard, and a fragile international debt structure derived from the WWI period, as significant causes of ongoing economic hardships (Keynes 1971).

During the war, European combatants suffer economic devastation and accumulated substantial debts from their prosecution of war. Peace treaty arrangements inhibit economic recovery, causing loan defaults and

bankruptcies, thereby creating losses for creditors. High inflation and unemployment discourage private investment. Economic difficulties lead countries to raise tariff barriers to protect domestic industry, but this action promotes more global economic contraction instead. Currency traders worry about national commitments to the gold standard, and therefore sell currencies and buy gold. Competitive devaluations in currency values prompt more trade restrictions. Economic conditions and policies prevent debtor nations from repaying loans. The contradictory public policy of the 1920s and early 1930s detrimentally affecting international trade is summed up by a passage from a Franklin Delano Roosevelt campaign speech in 1932:

A puzzled, somewhat skeptical Alice asked the Republican leadership some simple questions: Will not the printing and selling of more stocks and bonds, the building of new plants and the increase of efficiency produce more goods than we can buy? No, shouted Humpty Dumpty. The more we produce the more we can buy. What if we produce a surplus? Oh, we can sell it to the foreign consumers. How can the foreigners pay for it? Why, we will lend them the money. I see, said little Alice, they will buy our surplus with our money. Of course, these foreigners will pay us back by selling us their goods? Oh, not at all, said Humpty Dumpty. We set up a high wall called the tariff. And said Alice at last, how will the foreigners pay off these loans? That is easy, said Humpty Dumpty, did you ever hear of a moratorium? And so at last, my friends, we have reached the heart of the magic formula of 1928 (Lissakers 1991: 217).

What is evident from the above is the denial that self-interested, independent producers could create more output than they can sell, and the practice of an irrational trade policy that restricts the ability to buy when sellers with surpluses need to sell. Keynes attributes the competitive struggle for foreign markets in the 1930s as one cause for global economic difficulties, and that the failure to address the socio-economic fallout of depression led to fascist military ambitions (see Meltzer 1988, 211-233). Keynes writes:

... under the system of domestic laissez-faire ... there was no means open to a government whereby to mitigate economic distress at home except through the competitive struggle for markets ... But if nations can learn to provide themselves with full employment by their domestic policy ... there need be no important economic forces calculated to set the interest of one country against that of its neighbours. ... there would no longer be a pressing motive why one country need force its wares on another or repulse the offerings of its neighbour, ... International trade would cease to be what it is,

namely, a desperate expedient to maintain employment at home by forcing sales on foreign markets and restricting purchases, which, if successful, will merely shift the problem of unemployment to the neighbour which is worsted in the struggle, ... (1997: 381-383).

Keynes assists global leaders in the mid 1940s in developing a new international monetary order called the Bretton Woods system. This system made the dollar the international reserve, pegged world currencies to the dollar, and fixed the dollar's value to gold. Bretton Woods was about facilitating world commerce and finance by avoiding the precarious debt structures of the 1920s, by promoting greater world trade through tariff reduction, and by enhancing financial stability through increased liquidity.

The system consists of several institutions. The International Monetary Fund and World Bank provide liquidity and fund investment projects throughout the system. International transactions were controlled somewhat through capital controls. The Marshall Plan rebuilt Europe and Japan. Fixed exchange rates stabilized world trade by reducing foreign investment risk and by keeping speculators from treating currencies as tradable commodities (see Davidson 1996, chap. 10).

## **DOMESTIC EMPLOYMENT MARKETS**

Keynes lived in a period of national economic development and globalization of capital. He also lived in an era dominated by classical school thinking. Classicism dates back to Adam Smith and was elaborated on by early nineteenth century economists. In terms of domestic employment markets, classical writers argued four principles. First, supply creates demand; that is, production creates the purchasing power to buy everything that the economy creates. Second, price flexibility and competition ensure efficient and equilibrium outcomes in markets. Full employment is the norm. Third, savings equals investment, and therefore every dollar earned is spent. And fourth, state intervention disrupts market outcomes. The inference from these principles is that, within market-based systems, full employment is assured, the level of demand is not a problem, and government intervention makes economic outcomes worse.

Different and quite contradictory principles emanate from Keynes' thinking. In Keynes' view, demand drives the economy and not production; production and employment are the effects of demand growth. He argued that

institutional factors can inhibit price flexibility, and anyhow flexibility can fail in reversing recessionary tendencies. Savings is the product of investment and wage levels the product of overall spending, not the other way around (1997, chap. 3). And finally, state intervention can ameliorate depressed conditions by promoting private sector demand (chap. 24).

Furthermore, Keynes understood that the economic system's vitality depended on the sufficient dispersal of income to effective demand, otherwise the system was subject to stagnation (chap. 22). Keynes reasoned that the greater a country's income and wealth, the greater the gap between that nation's potential output and the current level of effective demand. Employment could not increase if business investment did not grow at a rate sufficient to absorb the community's savings at the current employment level (28-30). Keynes elaborates on the system's tendency toward economic difficulties:

This analysis supplies us with an explanation of the paradox of poverty in the midst of plenty. For the mere existence of an insufficiency of effective demand may, and often will, bring the increase of employment to a standstill before a level of full employment has been reached. The insufficiency of effective demand will inhibit the process of production ... Moreover the richer the community, the wider will tend to be the gap between its actual and its potential production; and therefore the more obvious and outrageous the defects of the economic system. For a poor community will be prone to consume by far the greater part of its output, so that a very modest measure of investment will be sufficient to provide full employment; whereas a wealthy community will have to discover much ampler opportunities for investment if the saving propensities of its wealthier members are to be compatible with the employment of its poorer members (30-31).

Keynes continues,

In conditions of *laissez-faire* the avoidance of wide fluctuations in employment may, therefore, prove impossible without a far-reaching change in the psychology of investment markets such as there is no reason to expect. I conclude that the duty of ordering the current volume of investment cannot safely be left in private hands (320, 164).

Classical economic support for the principle of system self correction became over time increasingly irrational, as this belief was continually projected into an experience that ran contrary to stated theoretical outcomes. All income was not spent and price flexibility failed to offset economic

declines; economic downturns were frequently experienced. Despite the contradiction between theory and real life, *laissez-faire* policy continued unabated for most of the pre-Keynesian era.

Adjustments to tax rates and interest rates are offered by Keynes to contend with the problem of inadequate effective demand. The state's essential goal would be to augment the propensity to spend by the private sector in order to ultimately bring about more employment than the private economy produces on its own. While capitalist economies can find equilibrium conditions where demand and supply balance, many such equilibrium conditions are possible, including ones producing high levels of unemployment.

## INTERNATIONAL FINANCIAL MARKETS

Important and defining institutional changes occur during Keynes' era. Two significant and related changes are the separation of ownership from control within large corporations and the rise of organized stock exchanges (1997, chap.12). The separation creates two classes of people, those who administer business and make capital investment decisions, and those who save through stock and bond purchases and who speculate on their values. That is, participants in the Exchanges are interested in trading and speculation with a focus on capital gains based on short-term economic developments, while those who control business are interested in the long term growth of enterprise.

In financial markets, stock prices can fluctuate significantly due to shifting stockholder expectations and confidence concerning corporate earnings, and because Exchanges offer liquidity and easily revocable commitments. Varying assessments of corporate profitability, as expressed in stock markets' continuous reevaluation of firms, substitutes for long run, more stable assessments produced by the business controllers. This is the essence of the Keynesian critique of financial markets during the early twentieth century. Stock exchanges become an arena for trading financial assets and therefore facilitate speculation unleashed by the separation of ownership from control in major corporations. Keynes' era of globalization is consequently marked by intensified periods of financial instability, severe economic downturns, and income inequality. As an acute observer of early globalization, Keynes' own words are informative:

...the professional investor is forced to concern himself with the anticipation of impending changes ... of the kind by which experience shows that the mass psychology of the market is most influenced. Of the maxims of orthodox finance none ... is more anti-social than the fetish of liquidity, ... there are ... such serious minded individuals and that it makes a vast difference to an investment market whether or not they predominate in their influence over the game players. ... it is the long-term investor, he who most promotes the public interest, who will in practice come in for most criticism, ... Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done. The measure of success attained by Wall Street, ... cannot be claimed as one of the outstanding triumphs of laissez-faire capitalism (1997: 155-159).

The Keynesian understanding of financial markets led to a theory on the potential for financial markets to undermine business investment. Keynes identified four factors inhibiting investment: volatility of stock prices, high interest rates, financial markets' assessments of business profitability dominating entrepreneurial assessments, and the revocability of stock and bond commitments relative to the irrevocable commitments to long term projects by businesses. Keynes offers as a solution the "socialization of investment" (376-378).

State intervention becomes necessary as a way to reduce the power of creditors who keep capital scarce. Keynes argued that investment determines the level of savings and investment is enhanced from a low rate of interest. There is no intrinsic reason for the scarcity of capital that keeps interest rates up to a level that prohibits full employment. Keynes says specifically that "it will still be possible for communal savings through the agency of the state to be maintained at a level which will allow the growth of capital up to a point where it ceases to be scarce." Keynes argues for the state to affect the propensity to spend through taxation and fixing the rate of interest in order to affect the aggregate amount of economic activity (375-378). In this way, the state can increase the volume of investment and therefore affect employment levels, without directing the allocation of investment or owning enterprises.

Keynes agrees with the classics that the central bank can determine the supply of money and set interest rates, but differs from them on policy effectiveness. That is, circumstances can arise that reduce a central bank's ability to affect economic activity. For example, a dismal "state of credit"

might lead banks to cut off credit, or desires to increase liquidity within the private sector would reduce borrowing and spending (1997: 158, 173, 316). Nevertheless, as a matter of routine policy, Keynes believed monetary policy to be effective at promoting prosperity, and therefore wanted central banks to pursue low interest rates because they are helpful in maintaining loan demand and spending.

From a practical institutional standpoint, central bankers should have discretion over what policy tools to use and when, but be constrained by government as to what goals to meet. That is, technical policy decisions are to be left to the determination of the central bank, but the larger socio-macroeconomic goals that this bank is to achieve are decided by the democratically elected members of government (Bibow 2001). This reasoning is consistent with a general societal commitment to democracy and the use of the state as a corrective force.

Keynes' ideas recognize the importance of both institutional change affecting financial markets and power imbalances within these markets. Financial markets cannot be necessarily expected to distribute all savings to job producing investment nor create credit conditions conducive to full employment. Financial markets under *laissez-faire* could not produce broadly shared positive social outcomes. Maintaining unregulated financial markets stems from an idealized view of the rationality of markets on the part of policymakers who witness social problems but rely on markets to correct these problems unaided in any way. Keynes writes that "It may well be that the classical theory represents the way in which we should like our Economy to behave. But to assume that it actually does so is to assume our difficulties away" (1997: 34).

## **KEYNESIAN REVOLUTION: SOCIALLY SENSITIVE ECONOMICS**

Since the 1980s, the attempt has been to make the philosophy of *laissez-faire* markets the centerpiece of most discussions of economic life as opposed to other views, such as those of Keynes (Akard 1992:600-03). A basic principle that guided the "Keynsian Revolution" of the 1940s was that all forms of trade and exchange represent *social* activities (Keynes 1997). For the economy to maintain any sense of optimal equilibrium, systematic and regular intervention is required. Of course the implied message is that everyone shares



a common fate and that cooperation is necessary for the promotion of the common good. This means that social life is rather fragile, since individuals depend on one another for the fair and successful delivery of goods and services. In short, economic balance can only be maintained through the concerted effort of the polity and not automatically by the assumed logic of the market. Without this recognition, as Keynes argued, “[i]n the long run we are all dead” (Antell 1991:329).

Keynes’ economic imagery was pushed to the periphery beginning in the 1980s. The Keynesian notion of interdependency was assumed to stifle economic growth and curtail personal freedom. Instead, the work of Hayek began to play a larger role in articulating the nature of economic and social life. At the heart of Hayek’s view of the economy is that the collective is fatuous and that order emerges spontaneously through a plethora of individual transactions that take place at the marketplace (Hayek 1944). A collective sense of responsibility is not only meaningless for Hayek, but actually inhibits the economy. In this case, policies aimed to alleviate social inequalities are thought to frustrate competition, obscure market signals, and create widespread inefficiency. Thus, the growth of capital is slowed and the general populace suffers from the lack of economic stimulation.

To a significant degree, Keynes’ critique of classical economic theory is that trading decisions are primarily understood according to given parameters, such as market signals related to supply and demand. Moreover, these inputs which are meant to guide economic behavior at the market are taken for granted. Rational traders are simply assumed to adjust to fluctuations of supply and demand present in the market at any given time, and that these behavioral reactions would benefit the whole of society. At the same time, those who do not respond to these market indicators become unsuccessful. As Keynes points out, however, classical theory does not necessarily consider how a host of other social conditions and commitments impact the scope and maximization of opportunities.

Central to Keynesian theory is that economic decisions are historically-based and tied to social conditions. The evaluation of economic behavior cannot be divorced from the values, beliefs, and commitments made by persons. Like writers such as Marx, Keynes spurred a movement to contextualize visions of market rationality when accounting for economic behavior. Indeed, as Keynes might suggest, assuming that persons will trade in an idealized, abstract manner is unfounded since decisions are based to a large degree on social contingencies. Rather than simply being disciplined by the rationality of the market (i.e., classic economic principles), traders interpret

market conditions based on the economic contexts in which they find themselves. How stockholders interpret their own power and class position, for example, influences trading trajectories and whether the demand-side of the economy (i.e., workers' wages) is stimulated.

## BEYOND MARKET PAROCHIALISM

Important to Keynes' critique of classic economic principles is an attempt to reintroduce the role of the social bond. In classical economic theory, social responsibility (economic activity) is based on an intense form of individualism, whereby relationships between persons are guaranteed on the basis of cost/benefit decisions that align economic activity to market signals. Associations, however, become overly contractual, in that they are optional and established mainly to facilitate individual profit maximization. Most often, interpersonal engagements are based on convenience, monetary interest, and individual need. It does not make sense to speak of persons being fundamentally bound together and sharing basic interests; instead, persons owe nothing to one another except during those moments at the market when their economic interests overlap. Otherwise, relationships can be jettisoned should they not yield a return on investment.

Accompanying this image of the economy is a unique rendition of the person that differs greatly from the version proposed by Keynes. Now persons are primarily individual, rational actors, since everything from economic to political needs are met by the parameters of the market. As Hayek argued, the key to personal freedom and social well-being is an unconstrained market, for "[o]nce you start down the road to . . . planning of the economy, the freedom to speak minds and select political leaders will be jeopardized" (Case and Fair 1999:506). Thus, public behavior should most closely resemble that of traders because they are viewed to be rational, efficient, and unaffected by issues that impede their ability to compete. To be sure, successful trading is thought to be supported by a serious, pragmatic attitude that is not swayed by proposals that do not have immediate and personal utility. Civic duty becomes defined within the confines of a zero-sum logic, and the role of the public to improve different aspects of society extends only so far as those efforts promise the greatest personal gain.

The imagery supplied by Keynes is very different. Most significant is that persons are fundamentally tied to their neighbors and the larger society. Because markets are insufficient in themselves to guarantee economic

cohesion, Keynes reveals persons' basic interdependency and responsibility for social order. In this regards, the atomistic image of persons supplied by classical theory is very different from Keynes' which understands that a basic social commitment for welfare is a precondition for the optimization of economic life. From this perspective, civic life assumes that persons be willing to act or intervene when social problems arise.

Clearly two models of economic life emerge. For Hayek and other laissez-faire proponents, rational economic behavior occurs by participating in the market; however, Keynes viewed this type of activity insufficient to produce a just and affluent society. From a Keynesian perspective, social prosperity requires a broader vision and more extensive social involvement than is considered necessary, prudent, or profitable at the market. Adherents to the classic model argue that intervention or social planning amounts to ideological manipulation of private markets. Keynes demonstrates, nevertheless, that *a priori* credence cannot be given to classical economic principles because they are finite and not universally applicable.

Specifically, without appreciating the range of social considerations (e.g., income levels, unemployment, etc.) that may affect markets, simply following the dictates of classical economic theory may actually lead to sub-optimal market outcomes. For this reason, it may be inferred that Keynes' philosophy on market intervention stems from a more basic philosophical understanding that classical principles do not inherently carry a law-like status. Markets, in short, are not universal but rather parochial in nature. Private markets, as Keynes demonstrated, are comprised of and organized by a range of considerations that extend beyond the control of the so-called "invisible hand." Regulation of private markets, therefore, does not represent undue manipulation of objective principles, since markets are themselves limited in their utility and do not represent mechanisms capable of economic management independent of social actors.

## CONCLUSION

A central aim of this essay has been to locate Keynes' understanding of the sub-optimization of markets within philosophical criticisms of dualism. In particular, the argument made here is that Keynes' critique of classical economic principles stems, in part, from an appreciation that reason cannot be conceptualized in a dualistic fashion unless one is willing to ignore the social impact of such a philosophical maneuver. For example, Keynes seems to

suggest by his writings that classical economic principles should not be envisioned dualistically as standing above and apart from other economic considerations (e.g., income inequality). In other words, while Keynes does not dismiss markets' regulatory capacity, he certainly does not automatically privilege so-called classical market mechanisms. Markets are not inherently objective, universally applicable, and thus superior to other ways of organizing economic behavior. This is because markets themselves must first be constituted by assumptions such as the role of demand and the nature of the social bond.

To the extent that Keynes' economic philosophy appreciates the bounded or limited character of classical market rationality, two interrelated implications may be drawn from this revelation. First, markets should not be solely imagined to a composite of the self-interested actions of traders, but rather the outcome of a community of people. Because classical economic principles lack a universal character, they cannot be assumed to protect the fabric of social order. Put differently, classic market mechanisms may not coordinate the self-interest of actors in ways that promotes the interest of all. Individual traders are not atoms that are somehow brought into optimal alignment through universal market mechanisms. The message here is that the parts (individuals) are not isolated in nature, but rather are fundamentally bound together in their fate. In Keynesian terminology, simply focusing on the interest of supply-siders (e.g., reducing labor costs) ignores how the interests of demand-siders (e.g., workers' wages) impact the former.

This leads to the second important implication of Keynes' philosophy. Because an optimal social (economic) order cannot be attained by organizing economic behavior indirectly by invoking a third party (i.e., classical market forces), order must come from the *direct* contact between individuals. Within this context, rational economic behavior may be one that requires persons to regularly consult one another since they are basically tied together. And because this arrangement is not optional or irrelevant, as in classical market imagery, persons have a basic responsibility to be aware of how their actions affect the livelihood of others. Before acting, mutual consultation must take place, so that the existence of others is never disregarded or violated.

Keynes offers imagery that encourages persons to consult, engage, and cooperate with others. In this scenario, the common good is in everyone's interest, and not simply forged through the profit motive. Interest is no longer defined simply in personal terms, but refers to the presumed well-being of everyone. Not surprisingly, a key feature of Keynes' perspective is that actors are expected to intervene whenever the integrity of others is in jeopardy.

Unlike at the marketplace, intervention is not automatically manipulative or destructive. Planned collective action is both the right and responsibility of the polity, particularly when the welfare of persons within the community is threatened. In this respect, Keynes' efforts to describe economic life within a larger social context should be applauded.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

## *Chapter 5*

# **RAWLS' PROPERTY-OWNING DEMOCRACY**

*Andrew Walton*<sup>\*</sup>

University College London, Camden Town,  
Greater London WC1E 6, United Kingdom

## **INTRODUCTION**

It is difficult to deny that the present state of the world is unjust. At one end of the spectrum, millions live in poverty and die prematurely from preventable causes. At the other end, the world's richest individuals have an income greater than that of many countries. Even within so-called 'developed' states, there are vast differences in wealth, life expectancy, job opportunities, and levels of health and education.

There has been a long history of blaming the market economy for these woes. Marx, of course, had much to say on this matter (cf. Marx, 2000a [1844]; 2000b [1848]; 2000c [1864]) and would undoubtedly deem his views somewhat vindicated by the present state of the world. There are also many others whose claims would find resonance today. Rousseau's views on human corruption through property and inequality might seem apt (Rousseau, 1993 [1754]), and Edmund Burke's worries over the kinds of attitudes developed in entrepreneurial capitalism would seem to be borne out to some extent in the recent activity of investment bankers (Burke, 1986 [1790]).

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\* Email: Andrew.J.Walton@warwick.ac.uk.



Today's activists are little different. Regular protests and demonstrations at the meetings of the WTO, the IMF, the G8, and the World Economic Forum have focused on making exactly these points. As Peoples' Global Action puts it, for example, they are a "worldwide coordination network of resistance to the global market, a new alliance of struggle and solidarity...against 'free' trade and the WTO" (People's Global Action, 2010).

It is amidst these objections that the idea of a "post-market" society has arisen. The essential notion of a post-market society must be that it involves some alternative to the contemporary capitalist economy. In this much, the term is clear. However, it is important to distinguish between two conceptions of post-market society. First, it could be meant to imply a society without the use of a market as an economic institution at all. Such a society is perhaps what Marx envisaged. Second, it could be meant to imply a society in which the market remains in use for certain purposes, such as the system employed for determining the prices of various goods, but not used for other purposes, such as determining the level of income of individuals.

In this chapter I will set forth an argument in favour of the second of these visions based on the writing of John Rawls. Across his writings, Rawls made many comments about the kind of economic structures he thought would exist in a just society, and there are many further resources in his work that are intimately connected with this question. With limited space here, I cannot discuss all of them. Instead I will focus on exploring two broad points. First, I will detail why Rawls (rightly) would endorse the use of the market as a basic institution and, as such, would advocate the second of these visions. Second, I will detail why he would, nevertheless, have grave objections to the present state of affairs and some key reforms he would propose to make our economic structures more just.

Before I begin, I should note two ways in which I have qualified the comments I will make below due to considerations of space. First, as I have noted above, I will not address all the areas of Rawls' thought that relate to economic institutions or even all of his remarks on economic justice. Rather, I will seek to stipulate a clear vision of certain economic pillars of a just society. This, I believe, offers a sharper picture of the kinds of requirements and aims we should value, sharper at least than an abstract overview of ideas. Second, I will keep my comments focused loosely on a domestic system, without regard to the structures of global politics. This is not because I do not wish to see almost the exact same structures established globally. As might be clear from my introduction, I very much think that there are good reasons for my ensuing comments to guide a global property-owning democracy. However, such a

discussion would incur the need to address many further questions and would also depart from strict Rawlsian thought (cf. Rawls, 1999a, p. 94; Rawls 1999b). As such, I think it is best to retain a domestic focus here and consider expansion on a wider scale in another forum.

I will proceed as follows. First, I will outline a broad Rawlsian framework, within which the rest of the chapter will operate. Second, I will defend the market as a necessary institution within a just society and, thereby, demonstrate the need to adopt the second vision of post-market society outlined above. Third, I will qualify this by outlining two key moral principles that should guide our political and economic structures and that will have clear implications for limiting the place of the market. I will then specify two areas of policy that will issue from these demands before concluding.

## RAWLSIAN FOUNDATIONS

Before beginning a discussion of the economic structures within Rawlsian society, it is first necessary to set an overarching outline of Rawlsian thought. Rawls' basic theory is well-known and I will not recount it in detail here. Rather, I will focus on noting four key areas of his thought for the purposes of later arguments.

First, it is important to outline Rawls' procedure for determining the principles of justice. This is famously known as the "original position" (Rawls, 1999a, pp. 10-19 and pp. 102-168; Rawls, 2003, pp. 14-18). In the original position we are asked to consider the thoughts and choices of an individual who is tasked with selecting rules for a society. This individual is behind a "veil of ignorance", meaning that she is unaware of certain features of actual lives of people. She is deprived of knowledge of her race, class, sex, intelligence, and so on. She is also deprived of any knowledge of her conception of the good. These areas of knowledge are taken away so that her decision about the structures of society will not be influenced by them, and so she cannot attempt to design rules that will favour her position in the society. In depriving an individual of this knowledge, we can ensure that any decisions she makes will not be biased towards any particular life and will, therefore, be acceptable and fair to all.

Second, and connectedly, it is important to note the criteria on which individuals in the original position do make decisions. These are threefold. One is that individuals are aware that each person in society has two higher order interests: a higher order interest in developing and expressing a sense of

justice and a higher order interest in developing, reviewing, revising, and pursuing a conception of the good (Rawls, 2003, pp. 18-19). Knowing that all people have these interests, individuals in the original position are concerned to secure the circumstances that will enable them to advance these interests whoever they may be in society (Rawls, 2005, pp. 301-324). Closely connected to this, individuals have knowledge of “primary goods”, which are goods that are useful for the purposes of advancing these interests. Amongst these primary goods are the freedom to pursue various ends they might select, holdings necessary to pursue most lifestyles (such as income and wealth), and certain underlying bases for living any form of meaningful life, such as self-respect (Rawls, 2003, p. 57). Finally, individuals are aware that they must consider various other parameters of the society they are constructing. They consider questions such as whether the political institutions will be stable and lasting over time and whether they will be efficient (Rawls, 1999a, pp. 5-6 and p. 119).

Third, it is worth outlining the principles which Rawls believes would be chosen in the original position. These are as follows:

- (a) Each person has the same indefeasible claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all; and
- (b) Social and economic inequalities are to satisfy two conditions: first, they are to be attached to offices and positions open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least-advantaged members of society (the difference principle). (Rawls, 2003, pp. 42-43.)

The final point that is worth mentioning here relates to how one might approach the question of the place of the market in such a society. In many discussions, markets are treated in isolation and are often considered to be just or unjust in themselves. Within the Rawlsian framework, on the other hand, all possible institutions are evaluated in terms of how they promote or undermine the pursuit of these principles of justice. In this respect, a discussion of the market from a Rawlsian perspective must focus on how important moral demands will be affected by or affect the role of this institution. It is on this note that the main arguments of this chapter can begin.

In what follows, I will approach this issue from two angles. In the next section I will explore various values and limitations of the market in terms of how it affects the realisation of the principles of justice. In the following

section I will work in the opposite direction, beginning from certain precepts of justice and detailing how economic structures, including the market, must be organised to meet these demands. Between these sections I will seek to establish a vision of society that does stipulate an important place for the market, but a place for it that is set within a framework designed more broadly to realise Rawlsian principles of justice.

## **THE MARKET: VALUES AND LIMITATIONS**

In the introduction to this chapter I outlined two possible visions of post-market society: one which rejected the market completely and one which utilised it in certain ways, but not others. Rawls, I suggested, would opt for the second of these visions. In this section I will set out the broad reasoning for this by, first, establishing that the market should have at least some place in a just society and, second, showing that we must, nevertheless, restrict its dominion in various ways.

### **Values**

On a number of occasions Rawls is keen to emphasise that his principles of justice are compatible with either state-owned or privately-owned means of production (cf. Rawls, 1999a, p. 242). In this respect, Rawls' views do not cast a vote clearly in favour of a system with a comprehensively capitalist base. Nevertheless, there are at least two important reasons for thinking that the market would hold some place within Rawlsian society.

First, as Rawls recognised, the basic institution of the market is necessary for any society concerned with efficiency. The type of efficiency usually desired is that of Pareto Optimality (or at least levels of superiority), which seeks states of affairs where the allocation of productive resources, the organisation of production, and the distribution of consumer goods that affect individuals' levels of advantage could not be altered to improve the situation of any person without making at least one other worse off. The market serves this goal best due to its capacity to minimise and distribute the information needed by any one actor to operate within the system and through the incentives it provides to make productive use of these data.

This position seems fairly widely accepted now. Even resolute socialists who reject the market as a mechanism for the distribution of wealth and

income accept that it is an efficient device for the allocation of factors of production (cf. Carens, 1981; Cohen, 1995, p. 50 and p. 260; Van der Veen and Van Parijs, 2006). At any rate, alternative ideas on how to generate efficiency have now largely been disregarded (cf. Buchanan, 1988). And there can be no doubt that this would be an important consideration for individuals in the original position. They would desire their society to function efficiently (at least *ceteris paribus*) and they also desire goods, such as wealth, that the market helps generate.

Second, a market economy of some sort is important for creating space for various valuable freedoms. The basic system of private personal property that markets entail is important because there is an intricate connection between the freedom to employ property at one's own discretion and being able to pursue one's own conception of the good and to design one's life in accordance with one's desires. This is partly because even the basic capacity to think and reflect on how one should live requires some space for the undertaking of this activity, something that cannot be guaranteed under a fully collectivised system (Cohen, 1995, pp. 97-99; Van Parijs, 1995, p. 8). It is also the case for the more technical reason, recognised by Hegel and Kant, that ownership of external objects is necessary for self-expression and for recognising the possibility of development (Ryan, 1994, pp. 250-254). Rawls added to this that private personal property is a necessary feature of any just society, because it ensures individuals are granted "sufficient material basis for a sense of personal independence and self-respect" (Rawls, 2005, p. 298).<sup>1</sup> He also highlighted that labour markets are necessary to ensure individuals can exercise their core liberties, such as occupational choice (Rawls, 1999a, pp. 240-241). In addition, Rawls argued that market decentralisation and private property are necessary to avoid overriding concentrations of power that could distort the political system and, therefore, the provision of other basic liberties (Rawls, 2003, pp. 138-139).

In many respects these defences of the market are rather instrumental. Nevertheless, together they provide a quite telling case in favour of a market economy. Accordingly, it is unlikely that Rawls would opt for the first of the two visions of a post-market society outlined in the introduction – a society that would make no use of the market or related features, such as personal private property. Such a society would be inefficient and fail to satisfy individuals' interests in living free and independent lives.

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<sup>1</sup> Here Rawls follows the essential thrust of the argument made in Locke (1993 [1689]).

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It does not follow from this, though, that market directives should govern economic institutions completely. As I will now show, the market has many limitations with regard to the principles of justice.

## Limitations

In his discussions of the economic institutions, Rawls argues that we should distinguish between the allocative and distributive functions of the market (Rawls, 1999a, p. 241). The former – its capacity to set prices and direct goods to where they will be most productive – serves valuable ends, as we have already observed. However, we can separate this from whether we allow it to determine the income and wealth of individuals – its distributive function. It is in this area that we begin to observe problems with the market mechanism.

There are a number of straightforward reasons for thinking that allowing the market to determine the distribution of wealth would be problematic. First, with no restrictions on the possible accumulations of wealth, it is quite possible that individuals could amass large personal fortunes. This would be objectionable for similar reasons that large accumulations in the hands of the state are objectionable; namely, that it can distort the provision and practice of other rights, such as political engagement. Second, even if the market can be deemed valuable in terms of efficiency, Rawls is quite clear in asserting “efficiency cannot serve alone as a conception of justice” (Rawls, 1999a, p. 62). It cannot because the “principle[s] of justice [are] lexically prior to the principle of efficiency” (Rawls, 1999a, p. 266) and it is quite evident that these principles will not be wholly served by the market.

Left alone, the market will not distribute wealth in accordance with the difference principle. In fact, the fairness of the distribution of wealth is not even factored into an analysis of Pareto optimality (Rawls, 1999a, pp. 61-62).<sup>2</sup> To the end of achieving a just distribution of wealth, therefore, Rawls argues that we must have a “Distribution Branch” of government, which organises taxation and redistribution appropriately (Rawls, 1999a, pp. 244-248). In

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<sup>2</sup> A possible objection here is that markets can be said to distribute according to other principles of justice, such as according to contribution or desert. However, first, as an empirical claim, this is almost undoubtedly false (Olsaretti, 2004, pp. 67-70), and, second, as Rawls puts it, these distributive shares would not anyway “correlate with moral worth, since the initial endowment of natural assets and the contingencies of their growth and nature in early life are arbitrary from a moral point of view” (Rawls, 1999a, p. 274).

addition, Rawls asserts that we should have a “Transfer Branch”, which would be responsible for setting up various further taxes to ensure a social minimum for individuals who fall below certain needs thresholds, such as those who require basic health care (Rawls, 1999a, p. 244). In both these respects, important societal functions are taken away from market direction.

In essence, then, Rawls’ position on the market, as I suggested, seems to correlate with the second version of post-market society noted in the introduction, which utilises certain functions of the market, but not others. With this point established, we are now well positioned to explore what other economic structures are required for a just society.

## **RAWLSIAN POST-MARKET SOCIETY**

The various considerations in Rawls’ work that might have implications for our economic structures are numerous. Here I shall focus on two: the requirement of equal opportunities and the importance of self-respect.

The idea of equal opportunities has a significant role within Rawls’ theory (Rawls, 1999a, pp. 73-78). The substance of this demand, it seems, is that each member of society must be given a fair chance of pursuing, for instance, avenues of work of their choosing and holding offices of import. Not only is this right a formal requirement (that is, a legal stipulation), but it is one that must have substance. Each individual must be given the chance to develop the human capital (education, training, and so on) to give her comparable standing to others in the labour market. It is reasonably obvious why this stipulation would be deemed of import for original position participants. It allows each a substantive opportunity to develop her talents and pursue activities and jobs of interest and significance. Much like the basic liberties of Rawlsian society, this allows talent to flourish and individuals to pursue choices central to their lives.

A similar point can be made about the importance of self-respect. Self-respect and dignity are difficult words to define, but the notions behind each are reasonably intuitive. “Self-respect is rooted in our self-confidence as a fully cooperating member of society”, Rawls says, and “depends on the respect and mutuality shown us by others” (Rawls, 2005, pp. 318-319). It is captured well in Anderson’s idea that an individual should be situated ‘to stand as an equal before others’ (Anderson, 1999, p. 313). It is also reasonably obvious why individuals in the original position would care about dignity of this sort. In Rawls’ words, “The importance of self-respect is that it provides a

secure sense of our own value, a firm conviction that our determinate conception of the good is worth carrying out" (Rawls, 2005, p. 318).

As I noted at the outset of this chapter, these are far from the only considerations that could be considered in a discussion of Rawls and market justice and I will not have space to explore even all the implications of these ideas. However, in focusing just on these issues, it is possible to see a number of clear implications for the economic structures of a just society. I will end this chapter by outlining two.

## **Welfare Provision and Private Markets**

The question of whether services such as health care and education should be available on private markets is one that has divided populations for many years and is regularly in contemporary political discussions. On the one hand, some argue that it is simply the case that individuals should be free to purchase such goods if they deem them valuable. On the other hand, objectors argue that to sell them at all is to commodify an otherwise intrinsically valuable good, or that private markets in these areas create vast social divisions. To give but a few examples, in the UK it is quite telling that although only 7% of children are privately educated, in 2004 the privately educated accounted for 75% of judges and 66% of top chamber barristers (Sutton Trust, 2004, p. 1), and in 2008 over a third of Oxbridge entrants came from 100 of Britain's 3700 schools, 99 of which were socially selective in some way (Sutton Trust, 2008, p. 3).

In at least one crucial respect, it would seem that Rawls would have no *a priori* position on private markets in welfare provision. It was argued above that Rawls would not object to the use of the market in allocating goods and it might well be the case that education and health care are just like any other good in this respect. Allowing free markets in these areas allows individuals to choose to consume them if they so wish or to spend their money elsewhere if these goods were not a component part of their conceptions of the good. Moreover, it was noted above that markets are permitted by Rawls usually to the extent that they serve the principles of justice, and it has been argued by some that private education, for instance, can help raise the benefits that accrue to all (Anderson, 2004, pp. 101-105). This could happen by allowing a greater amount of wealth to be invested in education in general or by educating a number of individuals very well who will then go on to make highly productive contributions to the economy. If these claims are accurate,



then it might be the case that private markets in services are justified by the difference principle.

One objection that could be raised against this would be to cite Rawls' principle of equal opportunities and argue that the very nature of private markets in areas such as education will violate this demand directly by allowing some to purchase greater opportunities than others. This case could be supported with reference to Rawls' seeming endorsement of the liberal idea of fair equality of opportunity, which asserts that "those who are at the same level of talent and ability, and have the same willingness to use them, should have the same prospects of success regardless of their initial place in the social system" (Rawls, 1999a, p. 63). This, he seems to suggest, trumps the potential benefits of alternative arrangements (Rawls, 1999a, p. 73).

However, these comments in Rawls are not sufficient to dismiss the above argument. Rawls' point here is that inequalities in opportunities are not permitted *to raise the wealth of society*. But Rawls' views on opportunities *per se* are not guided by strict equality. Rather, he accepts a difference principle understanding of opportunities themselves, such that inequalities in opportunity are permissible if they 'enhance the opportunities of those with the lesser opportunity' (Rawls, 1999a, p. 266). In other words, although inequalities in opportunities cannot be justified in terms of financial benefits for the worst-off, they can be justified in terms of improvements in opportunities. If the aforementioned argument is specified in this way, then, a Rawlsian case for private markets could be established.

Nevertheless, the argument fails because the suggestion that these markets will enhance the opportunities or advantages enjoyed by all is surely false. For various reasons private markets in these areas actually worsen the position of many, not least the worst-off in society. This is true in two respects. First, the existence of such markets can have an absolute impact on those outside. By removing often intelligent and highly motivated children from state school classrooms and committed and engaged parents from involvement with state schools and providing monetary incentives for teachers to join the private sector, the level of education and the competitive bar in state schools will be reduced (Swift, 2004, p. 11). Second, they will have a relative impact (Swift, 2003, pp. 23-25). In terms of access to forms of employment and university places, education is a positional good. What matters in this respect, is not how much one has, but how much one has relative to others. By having one's education improved through the purchase of a higher quality brand on the open market, one obtains a better position in the pursuit of such opportunities at the expense of others, who enjoy worse opportunities as a result.

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In addition, it is worth noting that a system of private markets in such areas, especially in education, is likely to generate quite a divided society. This can happen in a number of ways. It could generate a rigid class system, where the top jobs are dominated by those from wealthy families (as the statistics above would suggest). This would undoubtedly undermine the possibility of a society with a general belief in citizen equality. It could also generate quite particular antagonistic attitudes between those educated in different sectors. Those educated in the private sector may well develop attitudes like those expressed in *Yes Minister's* Sir Humphrey's memorable line that "British democracy recognises that you need a system to protect the important things of life, and keep them out of the hands of the barbarians. Things like the opera, Radio Three, the countryside, the law, the universities ... both of them". Meanwhile, those educated in the state sector may come to view the privately educated as snobbish and undeserving of their privileges. A number of these considerations are, to be sure, merely possibilities and probably quite contextualised ones at that. But they are reasonably common actualities in our own society, and since self-respect and the belief that one is respected by others is often based within contextual understandings of worth, these are important issues.

In the overall question of private markets in welfare services it is essential to distinguish between two ideas: the use of markets in the supply of certain goods and the impact of markets in certain areas which can allow differential purchasing power to lead to unequal outcomes which violate the demands of justice. For reasons noted above, Rawls may not object to private markets in services in the former respect. But because they tend to lead to the latter problem, he would be firmly against them being a component of a just society.

## **Property Redistribution and Inheritance Tax**

The second major area on which I wish to focus here is the issue of large-scale accumulations of property, possibly within a generation, but perhaps in particular inter-generationally. The question of inheritance and bequest is another contentious matter in contemporary society. Research suggests even those without substantial wealth are against taxing this highly (Lewis and White, 2006), and in recent years there have been moves to increase the untaxed allowance from an already high level to an even higher one, a move that has been fairly widely endorsed in popular opinion (Murphy and Nagel, 2002, pp. 142-145). Moreover, it is generally assumed within most market

societies that voluntary transfer of wealth is a given, if not a right (cf. Nozick, 1974, pp. 160-164). However, Rawls would be strongly in favour of taxing such transfers to quite a significant extent.

The case for this emerges from a deeper set of considerations in Rawlsian thought regarding the importance of asset redistribution in society. It is significant to note that Rawlsian justice is not merely a system for assisting the poor in various ways. Rawls explicitly rejects this “welfare-state capitalism” in favour of what he terms a “property-owning democracy” (Rawls, 2003, pp. 137-140). Unlike a capitalist state with various mechanisms for taking care of the disadvantaged, Rawls’ property-owning democracy requires substantive redistribution of fundamental property holdings, such as the means of production if they are held privately, at reasonably regular intervals, such as at the coming of age of each generation (Rawls, 1999a, p. 247; Rawls, 2003, p. 139).<sup>3</sup>

The rationale for this is provided by a number of considerations. Some of these are comprised in the ideas noted at the start of this section: equal opportunities and the aim of securing the self-respect of each individual within society. Holding certain important forms of capital, such as productive capital (the means of production) and human capital (training, education, and so on), is of great significance in terms of equality between citizens. A society beginning from a point at which some individuals have access to such goods while others do not will always leave the latter disenfranchised in two important ways. First, there will be a great disparity in the opportunities available to individuals in terms of access to positions of advantage for a reason that is arbitrary from the moral point of view (that is, hereditary wealth) and, as noted above, it will often entail power differentials in other spheres, such as the political forum. Second, the least advantaged will be positioned such that they must rely on the wealthy for work. At the extreme, this will involve having to grovel in order to find work. Even in a more egalitarian society, this dichotomy will leave many without a sufficient level of independence because they will still rely on the decisions of others to offer them work and security.<sup>4</sup> Such circumstances are surely a violation of a society which aims ensure equal standing between its citizens. As Anderson highlights, equals do not “need to bow and scrape before others” (Anderson, 1999, p. 315).

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<sup>3</sup> This kind of idea seems to be also what Paine might have intended in Paine (1985 [1791]) and Paine (1987 [1797]).

<sup>4</sup> This concern is also shared by republican thinkers (cf. Pettit, 2007, p. 4).

A further consideration that might be offered in favour of this requirement returns to the idea of the higher order interests of individuals in exercising a sense of justice and developing and pursuing a conception of the good. Ultimately, Rawlsian society aims to enable each and every citizen to advance these interests and by redistributing property in the substantive manner outlined above we give individuals the opportunity to do exactly this. As Rawls puts it, we “put all citizens in a position to manage their own affairs on a footing of a suitable degree of social and economic equality” (Rawls, 2003, p. 139).

There might be a number of policies that could issue from this demand. There are two that I think are worth considering. First, we might give thought to proposals such as Ackerman and Alstott's “basic capital grant” (Ackerman and Alstott, 1999). The idea here is to offer each individual a substantial sum of money at a particular age, say 21, so that she is positioned to make a major investment of some kind in her life. She could, for instance, put a large deposit on a house, start a small business, or invest in higher education. This policy, of course, would have its difficulties, but, if feasible, it would help promote Rawlsian demands of justice to a considerable extent.

Such a policy would place individuals in an important position of equality and give each a substantive chance to pursue her view of the good, and would also create a genuine possibility for each individual to pursue avenues, such as in the place of work, within which she could exercise her higher order interests. On this issue, Rawls, in places, seems to share the socialist interest in meaningful work (cf. Rawls, 1999a, pp. 257-258). In many ways the deep interest in being able to choose pursuits in life that cohere with our ethical beliefs is difficult to dispute. As Williams argued, having to take work which conflicts with one's deepest convictions would not allow space for one to live with integrity (Williams, 1973, pp. 108-118) and, as Dworkin highlights, ethical integrity is a central parameter for any life to go well (Dworkin, 2000, pp. 267-274). One of the values of a basic capital policy is that it would offer citizens freedom to match their lives with their ethical convictions to a considerable extent. It could even be voluntarily transformed into a scheme of regular, small-scale imbursements, which would offer an ongoing opportunity to bargain for meaningful work, pursue non-market labour, or pursue ideas of the good in one's leisure time (Wright, 2006, pp. 8-10).

The other policy I believe issues from the idea of a property-owning democracy is a near-complete tax on inheritance and bequest. Rawls, in fact, explicitly endorses this idea (Rawls, 2003, p. 161). I am inclined to think that this should not be quite a total tax, because some bequests must fit within a

legitimate right of parents to pass on heirlooms of certain kinds to their children. Nevertheless, in most aspects of fundamental holdings, such as ownership of the means of production, housing, and wealth, a complete tax seems appropriate.

The need for this tax follows fairly directly from what has been said above. Much as with the issue of private markets in social services, hereditary wealth disrupts equality of opportunity considerably by imparting benefits to individuals in, say, the labour market by virtue of their morally arbitrary place of birth. Inherited wealth will also do much to engender a society with rigid class differences. Long-term, large accumulations of wealth tend to lead to societies with post-codes and place-names associated with wealthier and deprived regions. These also have further impacts, such as differential costs of insurance and disparities in health care and education, which further entrench the divide within communities. These may sound dramatic prophecies, but, in fact, they are realities even within our own “developed” societies, let alone developing countries. No such system can be labelled a society of equals. These are societies where “people know their place”. Conversely, in a system where productive assets and human capital are regularly equalised we “put in the hands of citizens generally, and not only a few, sufficient means for them to be fully cooperating members of society” (Rawls, 2003, pp. 139-140).<sup>5</sup>

Earlier in this chapter it was argued that the market and private personal property should be permitted some space in a just society. From these considerations, it is often presumed that this means accumulation of wealth and voluntary transfers follow fairly straightforwardly. However, what the arguments here demonstrate is that we have firm grounds for resisting this conclusion. In fact, we have grounds for placing quite strict limits on certain kinds of voluntary transfer and redistributing wealth in a way that departs considerably from holdings that could be generated by market transactions. A Rawlsian property-owning democracy founded firmly on concerns for the higher order interests of individuals, equal opportunities, and self-respect, in fact demands regular and substantial redistributions of property both intra- and

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<sup>5</sup> Some have objected to this by arguing, in a similar vein to points made about private schools, that, in fact, Rawls should accept a low or non-existent level of inheritance tax because, due to the various incentives inheritance taxes establish such as for consumption as opposed to saving and investment, decreasing it will have beneficial effects for all (cf. McCaffery, 1994). This is an important point and, much as was the case with private schooling, the ultimate decision on inheritance tax must be made in relation to the effects it will have on the realisation of the principles of justice. However, regardless of the conclusions on this matter, the arguments presented here demonstrate that there is a strong moral reason to favour of the idea and this objection does not raise any principled case against that.

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inter-generationally. This, Rawls asserts, is vital in order “to preserve the equal basis of society” (Rawls, 2003, p. 139).

## MARKETS AND JUSTICE

In the introduction to this chapter I outlined two conceptions of a post-market society. In the course of the chapter I rejected one of these – the view that we should abolish the use of the market completely. Instead I have defended the view that markets can be a useful device in some respects – namely, in terms of efficiency and freedom – but that, for various reasons, just economic structures would also involve provisions, taxation, and rights that would either curtail or depart entirely from market organisation. Ultimately my comments reflect the view that what is fundamentally problematic about markets is not the institution itself, but the way in which, if left unchecked, it distorts the distribution of wealth and opportunities and the equal basis of society.

These impacts violate important demands of justice and, for this reason, our economic structures must be comprised not solely of markets, but also other institutions designed to preserve and uphold the dictates of morality. I have sketched a few of these here. As I have said throughout, these are certainly not the only economic requirements of a just society, but their establishment would, at the very least, be a valuable step towards Rawls' vision of a property-owning democracy and a world with more just economic structures.

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*Chapter 6*

## **THE MODERN WORLD AND THE “TOTAL MARKET”**

*Vicente Berdayes*

Saint Mary's College, Notre Dame, IN 46556, USA

In the last quarter of the 20<sup>th</sup> century global capitalism achieved a scale and configuration that social theorists now refer to as the “total market.” This phrase has been developed by researchers affiliated with the *Departamento Ecu mico de Investigaciones* (DEI) in Costa Rica to describe broad outcomes of capitalist globalization. The total market grew out of a neo-liberal consensus among global elites coupled with technological innovations in communications and transportation, which energized a sustained assault on welfare state programs that only a few years before had seemed secure fixtures of social theory and policy. By the beginning of the new millennium the kind of stable, technocratic social order portrayed in the later writings of Talcott Parsons seemed more like speculative fictions than the sanguine researches of an icon of establishment social science.

Mainstream social scientists of the post-war period imagined the market to be one sector, or “subsystem,” of a broader, complexly differentiated social system. The market was part of a more primary social totality, and, moreover, a portion whose claims on the self had to be kept in check and calibrated in relation to other institutions. If the modern market could efficiently satisfy the needs of masses of post-war consumers, other institutions, such as schools and the family, had to define and channel those needs along socially sanctioned

lines. An unfettered market would only amplify the anomic tendencies inherent to modernity and increase social instability.

Theorists such as Parsons saw the post-war welfare state as a triumph of scientific rationality over the market-driven disruptions that had buffeted Western societies during the previous hundred years, and they believed that stability and economic growth could be perpetuated through the regulative influence of the administrative social sciences (Gouldner, 1970). Yet in the space of a few years, this technocratic ideal had largely been swept away by a neo-liberal agenda that was hostile to its presuppositions. In contrast to the reification of social totality that characterized mainstream social theory, neo-liberals posited, in Margaret Thatcher's Hayek inspired slogan, that "there is no such thing as society" and proceeded apace to establish their absolutist version of the market.

This shift in the character and status of the market requires a corresponding change of emphasis within critical social theory. The critical tradition of social analysis has drawn extensive attention to the administrative mechanisms of modern societies. Members of the Frankfurt School among others are well known for their analyses of topics such as the industrialization of cultural production, the increasingly administrative character of the social sciences, and the stifling role of bureaucracy within organizational life. But the role of these institutions and practices has changed within the total market. They are not, and cannot, be swept away because the autonomous market continually requires repressive forms of social control to maintain order. But whereas welfare state policies were oriented by a broad if piecemeal managerial ethos, the total market relegates such efforts to a more marginal place in its explicitly antiregulatory agenda. Administration recedes in some spheres of life only to be supplemented by the more obvious institutional violence of warfare and the prison system. The total market is a label for the distinctive social configuration that has emerged with the consolidation of neo-liberal globalization. Identifying practical, contextually sound alternatives to the contemporary global order therefore requires understanding what DEI researchers mean by the "total market."

## **THE FLATTENED WORLD OF THE TOTAL MARKET**

One way to understand the total market is in terms of how capitalism transforms the meaningful social environment within which human life takes

place and is coordinated. Members of the DEI consistently use the metaphor of “flattening” to describe this process.

The basic insight of interpretive social science is that reality is socially constructed; people encounter their world as a meaningful environment and social action can only be understood in relation to those significations (Berger and Luckmann, 1966). Such meanings are both personal and social, so that an individual’s world is always inscribed with the traces of their personal history and as well as more generic features of the socio-historical environment in which they live. Persons encounter their world as a meaningful topography that offers a variety of horizons for action, includes an array of socially significant objects, as well as rules for how such things can be exchanged or transformed (Schutz, 1967).

A kin-based society, for instance, will have elaborate rules that define who may enter into a marriage bond and under which conditions. Such a society will also have an associated totemic system that relates the institution of marriage to a wide range of cosmological associations built up by members of the society over time. Getting married in such a society involves a complex social logic that encompasses combinations of totem animals and tribal identities, cardinal points within the geography, seasons of the year, and so forth. Kin-based societies illustrate the elaborate architectures of meaning that social action both assumes and expresses, and by focusing on generic features of these systems of meaningful action, theorists have devised various ways to classify societies and to think about how one type of social order transforms itself into another (Gurvitch, 1971).

The invention of money and its ascendancy as the basis of the social order within capitalism effect a profound transformation of these meaningful systems of action. Franz Hinkelammert has drawn attention to the importance of this theme in Karl Marx’s writings designed to understand the market (Hinkelammert, 1977, pp. 5 – 42). Marx provides a description of the development of money and commodity exchange in *Capital* (Marx, 1967, pp. 48 – 83). According to Marx, as societies began to develop a market, commodity exchange grew within the broader framework of meaning that places value on objects and governs their exchange and transformation. At first, rules governing barter allow a commodity to be exchanged for another in terms of traditional ratios and groupings. The scope of economic exchange is limited not only by the system of domestic economy but also by traditional understandings of the place of things in the world and their relations to each other. Commodity exchange thus remains “fragmentary,” and Marx refers to this as the “elementary or accidental form of value.”

In a second stage, commodity exchange already takes on a “total” form in which traditional values have already begun to collapse and all commodities become exchangeable for each other. This total or expanded form of commodity exchange produces an “infinite” series of equivalences between objects, though they are still exchanged in traditional sequences of barter.

A third stage of exchange, the general form of value, allows barter to be done away with because all commodities are brought under a relationship of universal or generalized equivalence. One commodity appears as a universal measure of value and is therefore the “visible incarnation” of every kind of human labor that lies behind commodities.

The fourth, “money form” stage of exchange is an extension of the third in which one object, for instance gold, monopolizes the role of universal equivalent and generally becomes recognized as the medium of exchange, as well as gaining the ability to generate additional value in the form of capital. Money becomes the means of expressing the character of direct and universal exchangeability that things have acquired through their transformation from concrete use values to conduits of abstract exchange values, or commodities.

With the advent of capitalism this form of abstract exchange becomes the motor of social production. In this system, goods are produced first of all to be exchanged for money and only secondarily as use-values. Within capitalism human labor also becomes fully commodified, uprooted from its concrete social contexts, and turned into a component in the manufacture of commodities. Human beings’ productive energies, their “labor power” in Marx’s language, are subsumed within the field of generalized equivalence and are bought and sold like any other commodity. *Capital* is an analysis of the dynamics that arise when the market, based on this system of abstract exchange value, becomes the basis for organizing society.

Marx believed in the liberating potential of this type of society not only because of the productive energies which capitalism releases, but also because the concomitant radical uprooting of all fixed properties of the social world tends to reveal the importance of human agency. The ramified system of social meanings that gives the world its seemingly natural quality collapses within the system of generalized equivalence and creates conditions where a primordial act of self-recognition can take place: the breakdown of dualism through the recognition of the entire world as variegated forms of “sensuous human activity.” Freed from material need by the productive forces of capital *and* released from alienation by the uprooting of all fixed values, human beings could proceed to organize a new type of society, that is, to freely posit

new values as the basis of the social order. But such a society by definition requires transcending capitalism and the rule of generalized equivalence.

The basis of commodity exchange on a system of generalized equivalence of values is key to understanding the total market. A market society collapses the architecture of meanings that defines social settings as interchangeable units of capital. In this sense, capital “deterritorializes” the social environment (Deleuze and Guattari, 2004). Additionally, as long as the market has remained the central institution of society it has proven extremely difficult to propagate a complementary framework of meanings capable of limiting and humanizing the market, that is, posit values that in effect stand outside and arrest the deterritorializing forces of the market. To the contrary, the thrust of neo-liberal privatization is to bring in all such non-commodified areas of life within the field of the market and to subject them to the ultimate criterion of profitability. As noted previously, the technocratic ideal of using scientific rationality to limit the reach of the market has been definitively displaced by neo-liberalism.

It is in this sense that members of the DEI refer to the total market as world of flattened, or crushed, human subjects (Richard, 2002; Hinkelammert, 1995). The concept of the total market originates in the work of this group of researchers, which includes Pablo Richard, Franz Hinkelammert, Wim Dierckxsens, Hugo Assman, Leonardo Boff, and Enrique Dussel, among other notable contributors to the institute’s journal *PASOS*.<sup>1</sup> As the collaborative effort of many participants, the essays found in *PASOS* and other writings express many opinions and differences in emphasis, but members of this institute repeatedly use the metaphor of “flattening” to describe the character of social life within the total market. Phrases such as “sujeto aplastado” and “pueblo aplastado” pepper their work and connote both a flattening of subjectivity and social life, as well as a sense of being pressed down, crushed, or overwhelmed that describes the social oppression of individuals and communities by the total market.<sup>2</sup>

This social imagery is reminiscent of Herbert Marcuse’s concept of “one dimensionality,” which characterized the mental and social ambiance of post-war consumer capitalism (Marcuse, 1964). But the idea of the flattened world

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<sup>1</sup> A complete archive of *PASOS* is available for download at the web site of the Departamento Ecuémico de Investigaciones, <http://www.dei-cr.org/>.

<sup>2</sup> See for instance the conference transcripts published as “La Negación del Sujeto en los Fundamentalismos y la Raíz Subjetiva de Interculturalidad”, Cuarto Encuentro de Cientistas Sociales y Teólogos, DEI, San José, Costa Rica, Diciembre 5-9 del 2002 (Síntesis elaborada por Germán Gutiérrez)” *PASOS*, 106, 4-72.

has a different emphasis in line with contemporary social conditions and the experience of people outside the core of consumer capitalist nations. Marcuse focused on the use of social-scientific techniques to strip thought of its critical dimension and translate experience into the concepts of administrative social science. One dimensionality referred to the increasing difficulty of thinking beyond the technocratic categories that maintained consumer capitalism.

Originating in a Latin American context, the flattened world refers to the experience of people largely excluded from this advanced form of capitalism, but whose social and natural environment are nevertheless thoroughly disrupted by globalization. Such populations are part of the total market but not of it. Much more directly than populations of the developed core, they experience being pure objects of capital exploitation in the sense that there are no serious proposals to integrate them as consumers within an ecumenical global market. Only a relative few enter the calculations of global capital as sources of toss-away wage labor.

From the point of view of the market, the rest are either invisible or impediments to capitalist development of the natural environment. As such, they experience the violent blunt end of globalization in the form of protracted warfare, neo-colonialism, environmental exploitation, economic destabilization and societal disintegration. Such societies are under what Wim Dierckxsens (1999) characterizes as a “monetary attack” that disarticulates and deterritorializes the social environment. This process of societal “aplastamiento” (flattening, crushing), according to Gustavo Gutierrez, produces a type of social subjectivity that is “simply the replica of this totalization of the market that tries to destroy all instances of cooperation, solidarity, and unity of effort among human beings. Increasing fragmentation and exclusion leads to the situation of a subject flattened by the total market, with no other social and organizational support to rely on. It is pure denuded corporeality, in isolation, in submission, and under the temptation of an ever more elusive consumerism.”<sup>3</sup>

The total market, then, refers to a social environment that is in the process of being disarticulated by the processes of capital. Capitalist

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<sup>3</sup> “La crisis de los llamados sujetos sociales es simplemente la réplica de esta totalización del Mercado que intenta destruir toda instancia de cooperación, solidaridad y unidad de esfuerzos entre seres humanos. La fragmentación y exclusión crecientes conducen a la situación de un sujeto aplastado por el mercado total, sin ninguna otra mediación social y orgánica bajo la cual pueda ampararse. Es la desnudez pura de la corporalidad en soledad, en sometimiento, y bajo la seducción de un consumo cada vez más esquivo.” Gutiérrez, Germán. 1999. “Globalización y Subjetividad: ‘Buzos’ y Sujeto Rebelde.” PASOS, 81, 16-23, p. 20.

deterritorialization flattens the meaningful field of social action, including people, into undifferentiated units of value, which then enter the market as objects of capital exploitation. The total market seeks to monetize all social relations and social significations and eclipse alternative sources of values. Recognizing this inherent, totalizing aspect of capital is important to understand the difficulties associated with proposing alternatives to a market-based social order. Within the world market some areas have undergone this process of semantic flattening more extensively than others, and people have been able to marginally secure some areas of life from capitalist totalization by arguing for alternative values as the basis of select institutions, for instance, by championing the institutions of civil society as an area of life that should remain formally independent of the market. But the claim that there is no such thing as society indicates a conscious hostility to such efforts by proponents of the neo-liberal total market.

## A POST-UTOPIAN CAPITALISM

DEI theorists also see the total market as a post-utopian form of capitalism. By this they mean more than the idea that the market has supplanted utopian yearnings of the past. This well-known “end of ideology” thesis is itself a form of utopian thinking that celebrates the market as the expression of a broad social consensus over the appropriate character of society (Bell, 1960). In this Panglossian view, the efficient and participatory character of post-war consumer capitalism defused commitment to the utopian political philosophies that had oriented previous mass movements. Apart from warding off cold-war totalitarianism, which in any event could not compete with the productivity of the West, all that remained of politics was a series of marginal, technocratic modifications to the existing consumer order. By the turn of the millennium even the threat of totalitarianism had evaporated, leading to confident declarations that the end of history had arrived; utopia had been delivered by the market (Fukuyama, 1992).

These celebrations of the market are part of a longer utopian tradition within economic liberalism. In the *Wealth of Nations*, Adam Smith described a market-based order that is more efficient and fair than the State in allocating resources. The market, in Smith’s view, spontaneously integrates human activity without the need to resort to the external and coercive principle of political authority. The individual’s quest to fulfill his or her desires is resolved by the market into a series of neatly interlocking reciprocities



between consumers and producers, thereby spontaneously generating a well-integrated society.

What has been seen as revolutionary in Smith's thinking is that self-interest was proposed as a basis of order. Whereas the conservative tradition of political philosophy has viewed human desires as a threat to social order, as leading, in Hobbes phrase, to "a war of all against all" that requires suppression, Smith presented the market in opposing terms: the division of labor grows together with the market and more thoroughly knits human beings together. If not greed, then at least self-interest is indeed good and the basis of a free society.

The market in this view is broad and inclusive as well as efficient and fair, and, as elaborated by later classical economists such as David Ricardo, if freed from political intervention, its tendency is to naturally expand until all of humanity is encompassed in a de-centered yet stable and integrated market order (MacArthur, 2000, pp. 58 – 125). In the Thatcher/Reagan era this identification of the market with freedom and universal prosperity, as illustrated in the works of Milton Friedman and Friedrich von Hayek, was cited as the rationale for economic liberalization and the dismemberment of the welfare state. Pursuing the free-market could be seen as championing a "society without coercion" (Friedman, 1962, pp. 7 - 17; See also Hayek, 1974).

The reemergence of laissez faire thinking within contemporary neo-liberalism would suggest that globalization is substantially oriented by these traditional utopian ambitions. But DEI theorists argue otherwise. They recognize that a tepid narrative of free-market utopianism still circulates among some elites and mass media propagandists, and they themselves argue that the current era is oriented by a capitalist "theology" centered on a market-centric "transcendental utopia" (Jiménez, 2003). But a fundamental shift has occurred in this market-centric vision of the world. DEI theorists note various ways in which the total market is based on the displacement of the earlier, inclusive form of market utopiansim articulated in Adam Smith's writings. But, furthermore, they note that even in Smith's original articulation, the autonomous market is incapable of supplying a sound basis for organizing society and reproducing social life.

As is well known, Smith argued that the benevolent influence of an "invisible hand" operates behind people's backs to promote the interest of society as a whole, even as individuals pursue their apparently transparent self-interests. The result is a broad and stable division of labor that promotes collective social interests more effectively than if people had set about to

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consciously create a fair and just society ( Smith, 1937, p. 423). Yet, as Wim Dierckxsens (2000, p. 18) explains, Smith’s stance toward the market effects a “separation of ethics and politics from economics.” All values have the same status *within* the market’s field of generalized exchange, but no values can be cited as transcending the market in a way that allows people to reflect on and exercise control over the market. In this form of “capitalism without citizens,” says Dierckxsens, there is no way to advance a conception of the common good except as the culmination of an invisible hand working through the market. The market becomes impervious to critique.<sup>4</sup>

The end of history does arrive, but only in the sense that human beings are prevented from giving any direction to history by orienting their actions in accord with values that transcend the market. The semantic flattening inherent to the total market dissolves history into an open horizon of qualitatively different possibilities. Consequently, society, or rather the totalized market, becomes disengaged from the vital reproduction of life and becomes an end in itself. Within this inverted cosmos, human beings reappear as objects of the market, that is, as sources of labor power, which they exchange on the world market for money to buy other commodities. The human being is accorded no special value within this totalized field of exchange.

As Hinkelammert notes in this regard, the total market propagates a thoroughgoing nihilism (Hinkelammert, 2002a). Because the market collapses all standards and principles into exchange values and world governments are unequivocally committed to perpetuating some form or other of robust market order, their use of discourses that make reference to transcendental values is transparently insincere. When refracted through a market perspective, references to human rights or world peace serve as legitimation strategies to justify the use of force by power blocks within the world market.

Popular advocates of globalization argue that war and violence are ubiquitous in areas that have yet to be integrated into the world market; the market pacifies existence. But DEI theorists argue the opposite, noting that forces aligned with the total market literally engage in a perpetual war on all values that limit the market’s influence on human life. The connection between warfare and the market is thus a prominent theme in DEI writings; warfare corresponds to the centuries long experience of peoples who remain

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<sup>4</sup> This analysis of economic thinking resonates with the critique of instrumental rationality carried out by the Frankfurt School, especially as found in the writings of Jürgen Habermas. See, Habermas, Jürgen. 1976. “Theory and Practice in a Scientific Civilization.” In Paul Connerton (Ed.), *Critical Sociology*. New York: Penguin Books, pp. 330 – 347; Habermas, Jürgen. 1972. *Knowledge and Human Interests*. Boston: Beacon Books.

objects of the imperial world market (Tablada and Dierckxsens. 2003; Hinkelammert, 1987). Yet such wars and forms of systematized institutional violence are conducted in the name of the highest values. This cynicism is inherent to the total market (Hinkelammert and Jimenez, 2005, pp. 169 – 171; Gutiérrez, 2000, 2002).

Many people would no doubt find the completely privatized, consumer utopia promised by free market proselytizers at least somewhat satisfying as a way of life, if it could be delivered. But DEI theorists underscore that this has not happened either historically or currently. Historically, the eclectic *laissez faire* order championed within the classical liberal tradition proved incapable of generating stable market conditions and maintaining social order, and thus it was necessary to reform capitalism through the regulative intervention of the State. Welfare state programs and Keynesian economic policies sought to make marginal adjustments within the basic framework of capitalism, yet as continued social inequality, personal debt, and mounting government deficits within the core nations showed, these efforts resulted in only a marginal and unsustainable tempering of market dynamics as well as the economic enfranchisement of relatively few of the world's people. Moreover the institutional framework of reformed capitalism was not resilient enough to weather the re-liberalization of the economy.

For Dierckxsens and Hinkelammert the ascendancy of neo-liberalism indicates a quality in contemporary market ideology that deters efforts to substantively humanize its processes. Both writers identify a key change in the way neo-classical economists such as Hayek and Friedman conceptualize the market. Dierckxsens argues that Adam Smith's writings were still substantively oriented toward the vital reproduction of life, but that in extending his ideas, neo-classical writers disengage the operation of the market from these concerns. A concept like the division of labor, which in Smith's writings still referred to palpable social relations between human producers of goods, according to Hinkelammert is translated in current neo-classical ideology into the concept of "interdependencies" among sectors of the global market (Hinkelammert, 1977, pp. 99 – 101). The two concepts are only superficially similar; in theory and in practice current economic thinking refers to mechanisms and structures of an autonomous market that incorporates human beings only as raw materials.

This neo-classical rendition of the market results in a breakdown and reorientation of the world-building projects of earlier modernity. Although efforts like the Marshall Plan and other development projects were often consciously oriented toward extending the market and entwined with

imperialistic interests, they were still directed toward integrating the world as a social system rather than as simply a market (Lerner, 1958; Murphy, 2004). Neo-classical thinking disregards this utopian impulse and accordingly re-imagines the charge of transforming other nations. The goal of contemporary development efforts, as financed and directed by institutions such as the World Trade Organization, World Bank, and other governmental organizations, becomes to rework the social environments of other nations so that they are conducive to the dendritic growth of the global market in these zones (Cobb, 1999). Social development in this sense becomes reinterpreted as resource exploitation, including human labor, by the total market.

The eclectic conception of the market found in classical liberalism, one that is capable of generating a cohesive social environment and encompassing all people in a stable order, has thus been displaced by rise of neo-liberal policies. Because such policies are oriented toward removing all impediments to the realization of a totalized market environment, they proceed by dismembering social space. This dismemberment takes the form of disarticulating institutional frameworks designed to limit and humanize the market, as well as dissolving indigenous cultural forms that might delimit the role of the market in social life (Acosta, 2002).

The rise of the total market, then, reflects an eclipse of previous utopian vision of the possibilities of the market, both as expressed in the early classical tradition and in the form tentatively proposed by the 20<sup>th</sup> century welfare state.

## THE METAPHYSICS OF THE TOTAL MARKET

The themes discussed so far indicate that although the total market is antagonistic to transcendental values, this device is based on a metaphysics that isolates its mechanisms from human intervention. As suggested, writers in the neoclassical tradition champion the market based in part on a critique of traditional authoritarian conceptions of society. On the surface, the market seems to offer an alternative to traditional social ontologies that posit “society” as a reality *sui generis* and the State as the highest expression of this autonomous social reality (Murphy, 1989; Gouldner, 1970). For instance, Hayek presents the totality of market relations as a concatenation of smaller markets, with each one attuned to local demands. This imagery seems to offer a decentered conception of social order consistent with the liberal tradition’s emphasis on personal autonomy.

But as Murphy (2004) demonstrates, this theoretic shift does not achieve the purported break with traditional authoritarian conceptions of social order. All that is accomplished is that the market takes the place of society as the sacrosanct ordering principle.

Neo-liberal thought thus echoes more traditional dualisms that oppose social order and human subjectivity. In spite of their claims to radically break with conservative authoritarianism, these writers merely recast the authoritarian principle of order in the form of the market. As with earlier portrayals of “society,” the market is thought to be governed by underlying laws that guarantee social harmony and govern an orderly process of growth. Left alone, the market automatically and inscrutably optimizes the distribution of social goods, and life remains orderly so long as humans treat the market with humility and submit to its demands.

Efforts to constrain market forces and direct social development in light of alternative ends, however, inevitably lead to chaos. Human intrusions in the operation of the market, as through the interventions of the welfare state, are futile and serve only to “distort” the market’s natural equilibrium (Hinkelammert and Jiménez, 2005, pp. 100 – 105). Such efforts are acts of inordinate pride pursued by individuals who believe they can rationally comprehend their social existence. But the scope and complexity of markets is beyond human comprehension and demands complete submission (Hinkelammert, 1984. *Crítica A La Razon Utopica*, pp. 75 – 80).

Neo-liberal thought does indeed break with the aspirations of positivist social science on this point. Advocates of that tradition believed that methodical investigations of social life would yield unequivocal facts capable of grounding policy and bringing social life within the scope of administrative rationality (Lundberg, 1961; Matson, 1964). The apotheosis of the market carried out in neo-classical theory, by contrast, breaks with that ambition and argues for a complete abjection of human beings before the inscrutable market. For this reason, Hinkelammert (1984, p. 79) argues, the market as conceived by these writers achieves a divine and miraculous status, and their work accordingly devolves into obscurantist mysticism:

“This moral of humility and pride leads to a true mysticism of the market, of money and of capital. By means of this mysticism a whole vision of reality is constructed, which replaces immediate reality with commercial relations. Concrete reality appears as a byproduct of commercial relations, and man is what mercantile relations make of him.... Liberty is the market, and there can be no state intervention in the market in the name of liberty.

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Liberty is man's submission to the laws of the market, and unrecognized is any human right that is not derived from a position in the market.”<sup>5</sup>

This reification of the market has practical consequences; this process does not simply provide ideological cover for the rapaciousness of capitalist globalization. Rather, the totalizing metaphysics of the market organizes and propels a specific politics.

A key aspect of this discourse is the binary opposition between the market and anything that refuses to be completely subsumed within its processes. In line with the Western metaphysical tradition, this binarism tends to elevate one term in a pairing of concepts while devaluing the other. Accordingly, when the market is accorded a divine or transcendent status it becomes associated with all that is good, real, and stable, whereas whatever remains outside the total market is associated with opposing values, with evil, falsity, and chaos. In this way the economic language of neo-liberal discourse transmutes into a moral framework for judging people and institutions (Hinkelammert, 1985).

A further process of semantic condensation allows all ideologies and groups to be fused under the universal label of “subversiveness” (Hinkelammert, 1985). This highly polarized discursive field resolves all attempts to place limits on market processes as a singular expression of anti-market thinking, regardless of the orienting principles that guide those efforts. The total market, in other words, creates a politically useful enemy, an enemy that takes on monstrous qualities in proportion to the extremism of market thinking (Hinkelammert, 2002b). The enemy embodies everything that stands outside of the market: if the market is rational, the enemy irrational; if the market is disciplined, the enemy is licentious; if the market is unequivocally good, the enemy is absolutely evil. This binary logic accomplishes a magical resolution of opposites in the political realm by allowing even mainstream politicians to be cast as incarnations of mutually exclusive political movements. Advocates of even tepid market reforms can therefore be attacked

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<sup>5</sup> “Esta moral de la humildad y del orgullo desemboca en una verdadera mística del Mercado, del dinero y del Mercado. Mediante esta mística se construye toda una visión de la realidad, que sustituye la realidad inmediata por las relaciones mercantiles. La realidad concreta aparece como un subproducto de las relaciones mercantiles, y el hombre es lo que las relaciones mercantiles hacen de él... Libertad es mercado, y no puede haber intervención estatal en el mercado en nombre de la libertad. Libertad es el sometimiento del hombre a las leyes del mercado. Libertad es el sometimiento del hombre a las leyes del Mercado, y no se reconoce ningún derecho humano que no se derive de una posición, en el Mercado.” Hinkelammert, *Crítica A La Razon Utopica*, p. 79.

for simultaneously being Soviet-style communists, fascists, progressive liberals, and even radical Muslims.

The binary logic of the total market thus dispenses with the need to think, to draw distinctions, to interpret ambiguities, and finally to make human judgments when faced with real alternatives (Hinkelammert, 2002a, pp. 10 – 12). The total market makes all these social and existential complexities disappear in a Manichean politics that links the market to the most reactionary elements in a society, as well as to a machinery of total war against whatever happens to be labeled as subversive extremism. Echoing historical attempts at national purification, the effort to purify the market inevitably propels a paranoid “antissubversive total war” with the aim of expulsing and exterminating anything that “distorts” market relations (Hinkelammert, 1985, pp. 6 – 7).

While appearing to be a narrow economic philosophy, neo-liberal thinking offers up an entire cosmology that has allowed global elites to maintain political hegemony through complex linkages among representatives of global corporate interests, the military, and political elites, as well as disaffected populations that are most brutalized by market forces. The metaphysics underlying this view of capitalism isolates the market from criticism by casting its principles in the form of inviolable natural laws. At the same time, the binarisms underlying this simplistic discourse allows the market to acquire additional moral and religious weight that justifies aligning one’s entire life and the well-being of nations in accord with neo-liberal principles. For example, “getting right” with or dying for the market becomes a viable choice, because the market is divine and can make such demands. The total market, in short, emerges as a religious fundamentalism (Hinkelammert, 2002a).

## CONCLUSION

The concept of the total market certainly highlights bleak aspects of the contemporary global order. Though the world market is now several centuries old, the recent emergence of this device in the form of neo-liberal globalization has generated qualitatively new social arrangements. The ability to understand and develop viable, responsive alternatives to these conditions requires new concepts and forms of analysis that relate to the experiences of a wide range of the world’s people. In moving critical social analysis beyond established concerns with technocratic administration, the concept of the total

market allows theorists and philosophers to gain a greater understanding of how global capitalism disrupts the social environments of people who live outside the core nations and who therefore experience “capitalism from below” (Hinkelammert, 1977, p. 28). Critical theorists situated within the core nations and writing only decades ago would have seen such conditions as atavistic and largely irrelevant to the administrative *telos* of advanced consumer capitalism.

The concept of the total market therefore adds a corrective to the ethnocentric concerns of some aspects of critical social analysis. As representatives of this critical tradition, however, theorists affiliated with the *Departamento Ecuménico de Investigaciones* are also engaged in the constructive task of identifying ways to change the world. While the concept of the total market clarifies the nature of contemporary capitalism and orients critical attention toward its fundamental problems, much of their other work is dedicated to identifying viable alternatives oriented by an unambiguous regard for the intrinsic value of human life. As such, this school of social analysis testifies to the continuing vigor and relevance of the critical tradition of social theory.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

## *Chapter 7*

# **THE URGENT NEED FOR POST-MARKET ETHICS**

*Jung Min Choi and P. Tom Semm*

San Diego State University, San Diego, CA 92182, USA

## **WHY POST-MARKET ETHICS?**

As we approach the two year anniversary of the economic meltdown of 2008 that shook the entire world, not much has changed in the way that our society functions. Certain corporations are reporting record profits while the unemployment rate keeps mounting. The government continues to spend billions of dollars in its “war against terrorism”, while schools and universities across the country are laying off teachers/faculty and reducing classes. The catastrophe in the gulf region that promises to discharge over a quarter of a billion gallons of crude oil and forever change the ecosystem and kill off thousands of marine species, without the possibility of regeneration, is overshadowed by the departure of LeBron James, a basketball player, from the Cleveland Cavaliers to the Miami Heat (Klein, 2010, pp. 14-20). To be sure, it seems like business as usual in the United States.

Of course, soon after the economic collapse, the President, senators, and citizens were all scrambling to make sense of the economic fallout that was not supposed to happen. How could the economy that was robust and soaring without limits just come to an abrupt halt and begin a freefall, wondered aloud the American public? To assuage mass panic and fear, the President of the

United States quickly called for an economic stimulus package that would resuscitate the economy. There were Senate hearings on Capitol Hill to investigate the responsible parties on Wall Street and bring them to justice. Discussions abounded among people in their homes, at restaurants, and in schools that the President might issue up to 1 trillion dollars to help out the “regular folk” from defaulting on their home loans and eventual foreclosures.

After nearly two years since the economic collapse, the stimulus package that was supposed to assist the everyday people turned out to be nothing more than a “bailout” program for the “power elites”, as thousands of people have defaulted on their house payments and have either filed bankruptcy or lost their homes to the banks. Unemployment rates have reached the highest point in the past 50 years. The Senate hearings turned out to be nothing more than a public showing of the proverbial “slap on the wrist” to the big multinational corporations and banks, who, by the way, were responsible for this crisis due to their irresponsible and reckless manipulation of the market.

Although this situation was harming millions of people across the country, some people were guardedly optimistic that this crisis might spark a movement against capitalism and the market-driven society. One would think that the logical reaction to these types of harsh consequences, resulting from the unchecked market, is to rebel and confront this system directly. Disappointingly, the various public outcries and protests did not materialize in any systematic and organized manner across the country. Albeit multiple protests popped up here and there against corporate greed and the government in general, most people have accepted what is going on as a given reality and are looking for ways to adapt as quickly as possible. Similar to what Naomi Klein suggests, the fallout from the economic downturn was so great that it is as if people have been “shocked” into submission and accepting the status quo (Klein, 2007).

So what happened? Why is it that so many Americans seem to be oblivious to the multiple crises that are affecting their daily lives? Although there is no simple answer to this question, the impact of globalization and the accompanying worldview of neoliberalism cannot be underestimated. The dominance of the market mentality can be seen in just about every major social institution in our society. Authors from Paulo Freire (2004) to Henry Giroux (2008) to Stanley Aronowitz (2008) have shown clearly how the organizational structure of the education system in the U.S. mirrors closely the blueprint of a typical corporation.

The political system is no different where the candidates who have more money can buy increased air time on television to influence the outcome of an

election. And the media, rather than functioning as the guardian of public interest, cavort with those in power to create a culture of consumerism, whereby people look to purchase products as a quick fix to their daily problems. In short, what Alejandro Serrano Caldera calls the specter of the “total market” is in vogue (Serrano Caldera, 2004, p. 125). Given this scenario, there is little wonder why most students are desperately seeking a degree, not so much as to become a “learned person,” but to be competitive in selling themselves to the highest bidder. Likewise, many Americans are cynical of their political representatives and understand the system to be a corporatocracy. In a sense, people look at their educational degrees and their political representatives in a similar manner to a product, because everything seems to be commodities that can be bought and sold for a particular price at the market. People, in general, have adopted the market ethics that is purely individualistic and utilitarian.

## **GLOBALIZATION AND THE RISE OF NEOLIBERAL ETHICS**

Since the notion of neoliberalism and globalization has been defined and presented in multiple ways throughout this book, this chapter will not engage in a detailed discussion of these concepts. Instead, it will focus on debating the ethics of the “total market” and its devastating consequences for society. Proponents of globalization argue that this process of shrinking the world has multiple benefits for human beings. First, persons are offered the opportunity to participate freely in social life and to pursue their goals unfettered by ideological and political strictures, since they are now citizens of the entire world. The argument is that globalization is a process of inclusion, rather than exclusion. Rather than balkanization, this process creates a sense of total connectivity.

Everyone around the world can be connected through faster airplanes, cars, trains, and ships. In fact, in the age of computerization, which is a major feature of globalization, persons can be connected instantaneously without ever leaving the comforts of their living rooms. The idea is that the entire world is at a person’s finger tips. People are no longer limited in applying for jobs in their town or city. They can upload their job applications for positions half way around the world and compete fairly with other applicants at the market. No one is shut out from this arena. Whoever can sign in and log on is

immediately included, irrespective of race, gender, class, sexuality, or age. For example, everyone can connect with one another around the world through MySpace, Facebook, and Tweeter. In this manner, globalization is touted to be a historical movement that represents progress.

Second, globalization offers logic and rationality in a world that has often been chaotic. Through computerization and technological advancements, globalization relies on standardization, uniformity, and efficiency. For example, most businesses around the world are done in English, files and reports are exchanged using the same software system like Microsoft Word or Excel, and tons of transactions across the world are completed through the internet in an efficient manner.

Critics, however, maintain that this description is overly optimistic. They claim that globalization is underpinned by a philosophy that fragments social life and stifles social criticism. As a result, globalization may accomplish little more than increase the current level of alienation. Rather than a natural or neutral movement of history based on positive science, globalization introduces a world-view, a new social perspective, which poses many philosophical issues that are regularly overlooked. In particular, globalization is sustained through a neoliberal ethics that presupposes everyone to be naturally atomistic, hedonistic, and inherently utilitarian (Esposito, 2004).

This understanding of human beings might be one of the reasons why globalization has been accepted without much resistance. Throughout the Western tradition people have been viewed regularly as individuals who are severed from each other. In fact, because human beings were thought to be monads, a greater social force was introduced to regulate their lives: for Plato it was the Ideal Forms; for Descartes it was Reason; for Hobbes it was the State; and for Adam Smith it was the market. Similarly, neoliberal ethics portrays human affairs through the cash nexus where everything and everyone is viewed as possessing a value that is identified by the market (Patel, 2009).

In short, neoliberal ethics gives legitimacy to modern day capitalism and its economic imperialism around the world. Although the focus is on the economic side of human affairs, neoliberalism has encroached on the cultural dimension and has already become the dominant ideology of the masses. In a Marxian sense, the market mentality is at the core of both the “base” and “super-structure” and is systematically reproduced. Accordingly, people relate to each other as “investments” or “products.” When human beings begin to see themselves as “things,” they no longer have any respect for themselves or others (Fromm, 2005, pp. 31-38).

Nevertheless, this type of utilitarian thinking is nothing new. Since the publication of Adam Smith's *The Wealth of Nations*, economists and social philosophers, like David Ricardo and John Stuart Mill, have defended the idea that society should be organized in a manner similar to the market. They supported the cost/benefit view of social life with fervor. More recently, economists such as Friedrich von Hayek and Milton Friedman rearticulated the basic tenets of utilitarianism into neoliberalism and launched an offensive to undermine Keynesianism.

Although Keynesianism was used as the dominant paradigm in structuring the economy throughout the 50s, 60s, and the early 70s, the legitimacy of this outlook began to wane with the oil crises of 1973 and 1979 and the failure of the demand side model (Choi, 2009). And with the elections of Margaret Thatcher and Ronald Reagan in 1979 and 1980 respectively, the Keynesian model that supported government regulation with respect to environmental and labor protection clashed with the prevailing culture of the U.S.—individualism and anti-unionism. This atomistic understanding of humans as rugged individuals who must compete to survive complements the ethos of the market where everyone is judged by the same rules.

The neoliberal ideas proffered by the Chicago School of Economics did not simply articulate the workings of the economy, but served as the ethical basis of human relationships. Therefore, social concerns such as fairness, equality, justice, and dignity were viewed as a cumbersome social baggage that tripped up the smooth, objective functioning of the market. Anything that stood in the way of individualism and meritocracy, then, became unethical. Persons must either submit to the market or fail! This type of binary logic became the yardstick for measuring a person's moral status. In an odd way, however, neoliberals were able to wed the contradictory ideas of universalism (Total Market) and individualism (free choice). In fact, not only were they able to make this incredible gambit, they were able to convince the public that these two principles are inextricably wed.

Karl Popper argues that an open society is one where individuals are not subjected to any ideological dogmas; instead, this is a place where different ideas compete until the best one emerges (Popper, 1952). And obviously, the rational functioning of the market is where the competition should be waged. For Popper, then, anyone who questions the market becomes an enemy to an open society. Obviously, Popper was waging a war against Marxists in his writings. The point of interest here, however, is that anyone who challenges the rationality of the market is classified as a threat to democracy. What could be more unethical than this? Popper claims that the best way to protect



diversity and multiculturalism is to submit to the rational criticism of the market (Popper, 1972).

The fallout from this type of worldview has been tremendous, especially for those who have been historically excluded from participating fully in the polity—racial/ethnic minorities, women, gays, and the poor. Interestingly, however, as noted earlier, the market is touted to be the most inclusive arena where different races, genders, classes, and cultures come under one, universal law of free trade. According to Francis Fukuyama, the development of capitalism in the West, which embodies multiple characteristics of neoliberalism, might signal the end of history where persons have reached the highest point of human development and social organization (Fukuyama, 1992).

Indeed, neoliberalism, or modern day capitalism, has triumphed over the dogmas of Marxism. Within this context any talk about class struggle is passé. Similarly, racism and sexism are also thought to be nothing more than unfounded accusations levied against society by minorities (for strict personal gain) who lost in a fair competition. In fact, the recent anti-immigration and English only movements across the country, particularly targeting Latina/os, are classic examples of trying to eliminate diversity under the banner of Americanism, patriotism, democracy, and neoliberalism. Additionally any government programs, such as affirmative action or welfare, are anathema to fair competition.

## **NEOLIBERAL ETHICS: POWER AND DOMINATION**

David Harvey points out correctly, in *A Brief History of Neoliberalism*, that neoliberalism is as much a political/economic project for securing the global power of the ruling class as an ideology of consent (Harvey, 2005). In spite of the commonly held belief that neoliberalism epitomizes the *laissez-faire* doctrine, the spread of neoliberalism throughout the world has been marked by constant State interventions. In the U. S., the infamous firing of 11,000 federal air traffic controllers by Ronald Reagan and removing price controls on energy and telephones through deregulation crippled unions and ushered in the free market ideology throughout the 1980s (Gautney, 2009). Currently, with the help of the IMF, World Bank, and World Trade Organization, the ruling class is able to enforce harsh economic sanctions on the borrowing countries through what is now commonly called structural adjustments. Simply stated, as part of the loan process, the lending countries

are often able to outline the borrowing nation's domestic policies that undermine labor unions and various social and economic programs designed for the poor. In short, power is enforced through the various state apparatus in securing consent of the populace.

Writers like Max Weber, Hannah Arendt, and Erving Goffman have all shown that power is best exercised and effective when it becomes legitimized through organizations and institutions. For instance, Weber noted early on that power becomes effective when it is turned into authority, thereby having *a priori* legitimacy (Weber, 1978, pp. 956-1005). In describing Adolf Eichmann's trial in Jerusalem, Arendt argues that power is not always naked. In fact, she notes that when unethical principles are diffused through the compartmentalized structure of a bureaucracy, based on objective rules and regulations, even the most horrific evil acts of annihilating human beings become banal (Arendt, 1963).

Goffman details quite well in his classic work, *Asylums*, how people in "total institutions" become secondary to the mandates of that organization (Goffman, 1961). The goals and objectives of the institutions begin to override the needs of the human beings. And when this *modus operandi* becomes the norm in society, people begin to accept alienation as part of life. In other words, people become enamored of precepts, mandates, and rules in guiding social life, rather than looking to each other for direction and inspiration. In this type of monological power structure, where the flow of authority is always top-down, there is no room for an egalitarian ethics. How can equality be taken seriously when every aspect of the major institutions of a society reflects unequal human relationships? A hierarchy of power is evident in the political structure where the masses have the least amount of influence in designing society, albeit they have the right to vote every few years in selecting their representatives. According to C. Wright Mills (1956) and William Domhoff (2001), even the power of voting is an illusion, since the masses are usually choosing between candidates who either come from the power elite or reflect the desires of that group.

As mentioned earlier, based on the ethics of "competitive individualism" and the philosophy of *laissez-faire*, the capitalists have been able to justify the growing economic inequalities around the world. Under the rubric of neoliberalism and the total market, the power elites have produced a more refined and polished version of hierarchy and domination. As Karl Marx noted throughout his writing, profit is not the major problem with capitalism, but the unequal power relations that are produced by the capitalist machine (Marx, 1964). And since economic values extend to all other major social institutions

in capitalism, there should be no surprise that the cultural and social arenas actively participate in reproducing the neoliberal values of the marketplace.

To be sure, the cultural/social arenas, such as the mass media and schools, have been used by the ruling class as a tool in instilling neoliberal order. In fact, the mass media has been co-opted by the power elite in providing the general public a one-dimensional view of social life through non-critical and disparate sound bytes and images. Reflecting the economic order of society, newspapers and television shows are structured around profit margins, rather than engaging in an honest and critical dialogue about human affairs.

Educational institutions are not much better in promoting an alternative perspective to the neoliberal fundamentalism. In fact, schools reinforce the neoliberal terror by systematically adopting daily rituals of competitive individualism as the norm. As education institutions continue to lose state funding and chase corporate dollars, schools begin to look and act like department stores in shopping malls rather than places of higher learning. The pedagogical practice of performing this ritual of attending schools to increase cultural capital is normalized through the university, where art and humanities classes are regularly slashed due to budget cuts and new multi-million dollar buildings are erected for engineering and business schools. Likewise, professors who secure the biggest grants are paraded around as “those who make a difference” and showered with accolades. Finally, the common practice among students in identifying their schools as either a “Pepsi” or a “Coke” university provides damning evidence of the hegemonic power of the neoliberal culture that pervades society.

In a philosophical sense, neoliberal ethics has assumed the position of moral authority in today’s world. Important social concepts and ideas, such as freedom and responsibility, are all subsumed under the market rubric of personal choice. Thus, freedom is linked with the freedom to buy and sell, work for this or that owner, exploit this or that person, or refuse to participate in a community. Similarly, the idea of responsibility is regularly linked with doing charity work rather than questioning the neoliberal market economy that necessarily produces poverty.

## **REPLACING NEOLIBERAL ETHICS OF VIOLENCE WITH ETHICS OF PEACE**

So what kind of a world can someone expect to face where the motivation

of institutions is to make profit and objectify persons? According to Cornel West, nihilism is the only outcome that can be expected from embracing neoliberal ethics. Neoliberal ethics is truly seductive. As West mentions, "...Americans are influenced greatly by the images of comfort, convenience, machismo, femininity, violence, and sexual stimulation that bombard consumers. These seductive images contribute to the predominance of the market-inspired way of life over all others and thereby edge out nonmarket values—love, care, service to others..." (West, 1993, p. 17). Obviously, the nihilism that West refers to is not the philosophical kind where there are no rational bases for judgment. Instead, he is referring to a situation where hopelessness and the absence of love are rampant. Neoliberal ethics, indeed, breeds a society full of alienated persons who are incapable of loving. How can they love anyone when everyone has been transformed into a thing? And as Erich Fromm articulates succinctly in his writings, humans who have turned themselves into things no longer have the capacity to respect and love one other (Fromm, 2005, pp. 15-31) Love, in this respect, has little to do with the common understanding of sentimentalism or physical attraction. Instead, love represents the basic connection that sustains human communities.

So, is another world possible? Absolutely! In spite of being subjected to the terror of neoliberalism over the past half century, the human ability to envision a better world has not been totally extinguished. In fact, multiple anti-globalization movements around the world point to the possibility of a new era where the moral absolutism of the market is not the touchstone in regulating society. The Landless Peoples Movement in South Africa, The Landless Workers' Movement in Brazil, the multiple protests in Berlin (1988), Madrid (1994), Seattle (1999), Genoa (2001), and Washington (2000, 2002), and the social forums against globalization and neoliberal ideologies, via the World Social Forums (2001-present) and the European Social Forums (2002-present), have illustrated the bankrupt nature and nasty consequences of neoliberalism. Similarly, political and environmentally conscious people, such as Naomi Klein (2007), Noam Chomsky (1999), Paul Farmer (2003), and Mike Davis, (2006) continue to write about the perverse ideology of this economic philosophy.

Furthermore, at the theoretical and philosophical level, a host of intellectuals have introduced a variety of alternative global ethics that can serve as the basis for organizing an inclusive community that champions compassion and respect in place of marginalization and hierarchy. In particular, many supporters of Liberation Theology have attacked directly the neoliberal programs that have been instituted throughout Latin American

countries. Gustavo Gutierrez (1999) and Enrique Dussel (2003) have spearheaded an ethical movement where the first principle of action is to end poverty. But unlike the goals associated with various international charity organizations and the Millenium Development Goals, these Liberation Theologians argue that poverty is not an outcome of a natural phenomenon. Instead, they contend that poverty is a structured product of capitalism, imperialism, and neoliberalism. When discussing the wide spread poverty present in Latin America, Gutierrez and Dussel do not ask “why are they poor?” Instead, they focus on the question of “how have they been *made* poor?” This change is quite important, in that no longer is poverty understood to be as an outcome of the personal and/or cultural defect of certain people. Instead, the arrow is pointed directly at the perpetrators who cause poverty and misery in order to enhance themselves.

What needs to be underscored, at this juncture, is that these anti-globalization writings and movements must be accompanied by an ethic that sustains a whole new concept of organizing the world. This new approach cannot be founded on just redistributive measures and technical reformations of the existing order. The entire world view that sustains neoliberalism must be jettisoned. In this sense, the new global ethic must not reflect the traditional Western view of human beings as disparate egos who are trying to maximize their desires and pleasures. As long as this viewpoint is allowed to flourish, violence between human beings is inevitable and social institutions will be organized to reflect and reproduce an asymmetrical relationship between people.

At this point is where the work of Emmanuel Levinas becomes significant. According to Levinas, the traditional Western ontology, which reflects the Cartesian ego, creates a society that supports domination and repression. In the modern sense, neoliberalism, with its ideas of individualism, hedonism, and utilitarianism, is such a philosophy. As Levinas states, “modern man persists in his being as a sovereign who is merely concerned to maintain the *powers of his sovereignty*. Everything that is possible is permitted. In this way, the experience of nature and society would gradually get the better of any exteriority” (Levinas, 1989, p. 78). To be clear, Levinas is suggesting that there is no place in the Western tradition for *considering* others in planning a personal course of action. Another person is simply entity that must be overcome, manipulated, dominated, and annihilated in order to secure one’s goals in life. Indeed, as argued by Levinas, “the secret of Western ontology is its basic sympathy with political oppression and tyranny” (Peperzak, 1993, p. 139).

Levinas makes this claim because the underlying theme of Western ontology has been an attempt to negate others through a systematic imposition of sameness. This maneuver can be seen in multiple social arenas such as religion, education, and economics. For example, the goal of the West was to Christianize people around the world, educate everyone to believe in the virtues of reason and science, and convince the masses that the free market system will produce the natural order of things. In each of these cases, the uniqueness of individuals had to be sacrificed to assimilate into the *Truth*. In doing so, Western ontology necessarily violates the basic human condition to *be*, as Sartre claims.

For Levinas, this attack on the Western ontology is made quite easy by its own logic. As noted previously, the Western ontology starts with the idea of severed egos; each one is categorically distinct from all others. If this is true, the idea of a community, then, becomes an afterthought. What can bring together a collection of ontologically separate beings? What unites this “separateness?” Community, given this worldview, is not the answer. According to Levinas, a community full of separate individuals is not a “true” community but acts like an enclosed wall that forces people to interact without the possibility of transcendence (Levinas, 1985, p. 10). In other words, there is no inherent connection between people.

Likewise, people who reside in the “community of affinity” usually share similar characteristics (culture, taste, desires, beliefs, etc.) and are included, but those whose characteristics are different are either banished or marginalized (Friedman, 1983, pp. 133-152). In other words, the type of communities that are often constructed nowadays is one of specific membership, where each member has to *prove* the worth of his/her inclusion, e.g., racial, sexual orientation, gender, or religion. These communities, according to Levinas, are doomed to fail, since the base of their construction is ontology and not ethics.

For Levinas, ethics precedes ontology. While ethics allows human beings to engage in relatedness with each other, ontology violates this intersubjectivity of *being* by treating everyone as self enclosed entities that can be engaged only through repression. Simply put, Levinas believes that the metaphysics of ontology must not be employed in representing human relations. Any communities that arises from the point of ontology will surely end with violence, for at best humans will be forced together, which already assumes their inherent separateness (Bauman, 1993, p. 70). Bauman further clarifies this point:

From the perspective of ontology, moral relationships can be only a later addition, an artifice, never fully legitimate, forever an alien and awkward body, forever questionable and cast in a position in which apology is constantly demanded and never really accepted: one cannot derive the “ought” from the “is”; one cannot argue values starting from facts (p. 71).

Indeed, since ontology claims to reflect the “is” of human life, and that human life consists of separateness, there is no room for ethics to emerge in this world. What Maurice Friedman calls the “true community,” community of otherness, is constantly trumped by a “community of affinity,” where members share the same values, characteristics, and beliefs (Friedman, 1983, pp. 133-152). To be sure, in line with Western ontology, communities of affinity are almost normative in the modern world. No matter how close knit these communities are, they are still haunted by the specter of the *onto* and cannot escape the pitfalls of essentialist reasoning and the absence of a global ethic.

Nevertheless, in order to establish a true community based on peace, ontology must be replaced with ethics. Ethics “occurs prior to the essence and being, conditioning them” (Levinas, 1985). Here peace does not merely denote the absence of conflict between persons. Nor does it signify some kind of a strategy or maneuver to bring people together. Instead, peace is understood as a state where metaphysical abstractions have no *a priori* legitimacy in directing a person’s life. If peace is understood within the framework of Levinasian ethics, force is unnecessary in maintaining this order. Peace, like Martin Buber’s *dazwischen*, will serve as the “always already” meeting place of people (Buber, 1970). Therefore, in a community of peace, there is no categorized or predetermined hierarchy of existence. Rather, existence revolves around cultivating the relationship with others. And this cultivation is endless and infinite since another’s presence “denotes the way in which the presentation of the other to me exceeds all idea of the other in me” (Levinas, 1989, p. 5). In other words, since the potential of the other to “become” is infinite, I cannot box her/him up in a predetermined boundary. Instead, I must constantly be in-tune with the other so that intersubjectivity will be maintained, without ever reaching a final destination point.

Ethics, in this sense, does not have an essence. “Its ‘essence’ so to speak, is precisely not to have an essence, to unsettle essences. Its ‘identity’ is precisely not to have an identity, to undo identities. Its ‘being’ is not to be but to be *better than being*” (Levinas, 1985, p. 10). Clearly, for Levinas, as long as human existence is tied to the “is” of ontology, a community of peace is not possible. Since an ethics of peace is predicated on the “always already”

relationship between different peoples, the guiding principle of a peaceful community is the protection of diversity. Ethics of peace does not allow for a singular, monolithic, universal, and objective idea to be used as a standard for judgment.

In a community where people are constantly cultivating the “always already” connection and are actively tending to the needs of the other(s), the mere notion of inequality or inferiority becomes absurd. If persons are truly interested in a global ethic that includes everyone, any notion of inequality must be rejected. And the common belief that differences automatically engender conflict and inequality must be shown to have no merit (Blauner, 1972). Neoliberal ethics, accordingly, will have no standing within communities of peace. If the ethics proffered by Levinas is understood in a clear manner, neoliberal ethics is obviously antithetical to an open society.

In fact, neoliberals of the modern era are no different than the “gangsters,” identified by Langston Hughes in several of his poems in the early 1930s and 40s, who “strut all over the earth...riding high” stealing “Ethiopia’s band of gold” and “Iraq oil” (Hughes, 1998, p. 237). Clearly, he was not speaking of Al Capone or Lucky Luciano. He was writing about capitalists. Almost a century later, the gangsters remain the same, with a different name. They still “strut all over the earth” stealing valuable natural resources and commodities that are not theirs. They steal oil from the Middle East, diamonds from the war ravaged African countries, virgin territories of the Amazon forests from Latin America, and most important the ability to live a dignified life from people all over the world. Given this scenario, what could be so terrible about giving the ethics of peace a chance?

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

## *Chapter 8*

# **BEYOND INDIVIDUALISM AND COLLECTIVISM: A NEW BASIS FOR ORDER**

*Algis Mickunas*

Ohio University, Athens, OH 45701, USA

## **INTRODUCTION**

No matter which rhetoric is used, whether on the right or the left, the contemporary local and global chaos cannot be resolved by the repetition of the well worn mantras of “individualism” or “collectivism.” Indeed, between the two camps there is no debate, because all the possible variants of each side have been exhausted and spin on dry husks. But in order to understand the current issues, it is necessary to explicate the very principles which philosophies have disclosed, and the way such disclosures led to the most fundamental problems whose resolution is still lacking and whose irresolution keeps us with only the traditional alternatives.

Hence this essay is designed to explicate most precisely the fundamental – even if hardly mentioned – philosophical problem, and to offer a way out that would comprise a “new” beginning. It must be mentioned that the fundamental issues also encompass the debate between essentialisms and cultural and social relativity, and hence includes the debates between modernity and postmodernity. The problem, curiously, is most ancient and yet it is most recent, since it enters every field, from sciences to social and political issues

that lead, fundamentally, to inevitable contradictions. No doubt, it is possible to be “creative” and offer all sorts of fanciful options, invented by current “philosophers”, but such creations do not even touch the principles that have to be addressed and their contradictions resolved for any novelty to make concrete sense.

## ONTOLOGICAL DEBATE

Classical Greek philosophies understood everything from the limit, such that these limits comprise the very essence of an entity. An entity, as a whole, has its specific characteristics which are not identical with, or derivable, from the characteristics of the parts of which the entity is composed. To speak more precisely, the problem is concerned with the ontological priority of the whole over the parts, or the parts over the whole. Does the whole possess characteristics of its own as a whole, or are its characteristics equal to the sum of the characteristics of the parts? Greek thought brought this issue to a basic philosophical debate. An entity, composed of parts, must be either an aggregate, like barley and wheat in a barrel, or the parts must blend into a unity. If the first position is true, then the entity, as a whole, cannot possess characteristics beyond those of the parts. If the second position holds, then the entity as a whole can possess characteristics which are more than the sum of the parts and their characteristics.

Using a familiar modern example the problem can be formulated as follows: either water, and its characteristic of wetness, is an entity, and as a whole is one basic unit of nature, or the parts, hydrogen and oxygen, with their specific characteristics, are the basic units of nature. Since these units do not possess the characteristic of wetness, then their aggregation, to form water, cannot possess wetness. In this case, the whole is equal to the sum of its parts and their characteristics; this would mean that wetness, as a characteristic of the aggregate of the parts, cannot exist – it is some sort of ontological mistake of nature. This problem also enters into the debate concerning individuals and society. Is society a sum of individuals, or is it more than the sum and thus has characteristics that belong to society as a whole. In modern times this problem was framed in terms of a radical distinction between “capitalistic individualism” and “communistic holism.”

Another side of the argument is as follows: if the parts are unified into a whole, then they cannot retain their individual characteristics; if the latter were to remain, then the result would be an aggregate of individual parts and not a

whole with its own characteristics. To form a whole, the parts must vanish as discrete components into the whole in order for the latter to possess its own characteristics. Here we have a dilemma and Aristotle's specific solution. He argued that not only the parts but also their characteristics cannot disappear entirely into the whole. If they were to disappear entirely, then there would be no unification of parts into a whole, but a destruction of one set of entities – the parts – and a creation of an entirely new entity – the whole. This makes no sense. To make sense Aristotle proposes the following: (i) there must be a unification of parts into a whole; (ii) the unification cannot be a mere aggregate since in this case there would not be a whole with its own characteristics, but a sum of the parts and their characteristics; and (iii) the parts and their characteristics cannot be completely destroyed and a new entity generated, since in that case there would be creation of something out of nothing. It is absurd for something to come from nothing. (Aristotle, *Physics*, 1941, p. 218ff.)

The basic problem that had to be solved is this: how is it possible for the parts to exist in a whole without losing their individual substantiality, and how is it possible for them to retain their individual substantiality without the whole remaining a mere aggregate? If the latter case were true, then the characteristics of the whole would be mere appearances. As one can readily see, this prefigures the modern distinction between secondary and primary characteristics of entities and, by implication, the modern subject-object dichotomy.

Aristotle decided to solve this issue by introducing the notions of potential and actual existence. Since some things are potential while others actual, then the parts, combined in a whole, can in a sense be and yet not be. The whole can actually be other than the parts from which it has resulted, yet the parts can remain potentially what they were before they became combined into the whole. In turn, the attributes of the whole are potentially in the parts. Those attributes become actualized when the parts are unified into the whole. With unification the attributes of the parts become potential. These arguments allow the conclusion that a whole, composed of parts, can have its specific attributes and be regarded as a basic ontological unit of nature. This also implies other types of realities. For example, the state, while composed of individual citizens, is more than the sum of the interests of individuals.

While this solution to the dilemma lasted through the medieval period, it was already challenged by Arab philosophers. The challenge points to a difficulty of the potential existence of parts in a whole. If the parts become potential, then the whole is composed of potential parts. But it makes no sense

for an actual whole to be composed of potential parts. If the whole is actual, then the parts must be actual. Yet if the parts remain actual, with their individual attributes, then the whole is an aggregate sum of parts. In that case the attributes of the whole cannot belong to the parts – they have no ontological status and must be mere appearances. Given this irresolvable dilemma, the thesis of the ontological priority of the unity of the whole was rejected and a theory of atomistic parts became the norm. It was granted that the basic ontological entity is a material part that cannot be destroyed or altered in the whole. All unities are sums of aggregates of parts extended in space and time. The experienced entities as unified wholes have no ontological status. The experienced characteristics of a unified entity must have another “place,” and this place was designated to be a subject, containing all qualitative attributes that did not belong to the material, atomistic parts. (Lasswitz, Vol. I.: 169).

The consequences of this ontological decision were well developed by Galileo in natural sciences and by Hobbes in social and political philosophy, and accepted by Descartes as the ground of his mind-body dualism. For Descartes, the perceptible qualitative attributes of the whole are not only appearances but are dependent on the mental states of the experiencer. If the atomic parts possess only material qualities, such as extension, size, and position in space and time, then the entity as a whole is a numerical sum of parts. As a result, any experienced attributes of the whole must be apparent perceptions of the subject. In short, what is accessible to experience is subjective, and what is objective, reality of the ontological world of material parts, is forever removed from direct experience. (Lasswitz, Vol. II.: 37)

## MODERN SUBJECT

The ontological shift in modern philosophy toward mechanistic atomism strips all essential structures from nature and replaces all beings with a sum of material parts functioning in accordance with mechanical laws. Therefore, no beings of nature have any purpose. This ontological conception of all nature leaves one entity, the human as a thinking subject, who has purposes. But such purposes have nothing to do with the real, material world, including human bodies that function mechanically. Moreover, such thinking and its purposes have no fixed rules or laws; it is basically voluntaristic. Hence human actions, directed by will, make their way that is distinct from the world of ontologically posited reality. Humans make history as a purposive process that might aim at

some final end. The latter has been depicted by various utopian images, including some versions of Marxism and capitalism. If material events are needed in this purposive history, they are viewed practically, i.e. what can we make of the indifferent, mechanical, and purposeless stuff for our aims and presumed needs. We know the rest of the modern story as a progress of technology and human mastery of the material environment (including the material human as part of the environment). We also know the story of the metaphysics of the will pervading all modern philosophies in such guises as autonomy, arbitrariness, and their manifestation as power. (Mickunas and Pilotta, 1968: 31 ff.) The principle of this subject is "solipsistic atomism" where each individual is a completely separate and independent entity, having its own needs, will, and thinking, and thus a source of all decisions. Society is a sum of such subjects.

Having established a subject distinct from the material world, the next step was to assign essential functions for this subject. There is no way of escaping the conclusion that the primary activity of the subject is reflection on itself, on its own thinking, and on its own powers, as guarantees of the validity of all claims and the possibility of their realization. All events must justify themselves in the court of the standards and rules established by a subject reflecting upon itself. Whatever appears to the subject, whether it is a physical thing, a foreign culture, a theory, or even a feeling, cannot be taken as it is in its own right, but must first justify itself before the self reflecting subject. It will not do to argue that various philosophical trends of the last century posited various explanations, even of the egological subject, in terms of social conditions, material or economic conditions, biological conditions and numerous other claims. Yet all of them posit their methods and theories derived from and adjudicated by reflection. Such adjudication is regarded to be critical and hence objective and universal.

Yet as has been noted from Descartes to Kant, the universality is ascribed to objective method, which includes logic and mathematics and therefore is *a priori*. In this sense, whatever we deal with, in science, must be quantifiable and therefore measurable. This presupposes the primacy of methodology and, by extension, theory over perceptual experience. Since formal quantitative method must exclude anything that is qualitative, then whatever would count as objective would have to correspond to the quantitative methods: measurable matter that disregards any qualitative differences. The modern subject is the possessor of qualitative experiences, but in order to be scientific must also use the quantitative formal methods to deal with the measurable reality.



The first problematic that arises for this modern subject consists of a contradiction. The measurable material reality is posited to be objective, homogenous, and yet the method as formal mathematical is not an aspect or part of this homogenous material reality. Since the latter is posited as the only existence and everything else is designated to be subjective, then the scientific formal and quantitative methods must be equally subjective. In this sense, we come to a clash between objective, material, homogenous reality, and a method of science that has no objective validity. The sole solution to this problem had to take on the following structure: the subject constructs theories and methods to be tested in material reality.

But the subject has no criteria by which to judge which constructed method is the correct one. Being subjective, they have to be adjudicated on the basis of objectivity that is perceptually inaccessible. Since the imperceptible objectivity depends on the constructed methodology which is inevitably subjective, then the only way to deal with this objectivity is in terms of subjective constructs. Thus there is no way to demonstrate at this level how the subjectively constructed methods connect to the posited objectivity, i.e. the material reality. While the latter is posited as objective, it is also regarded as incapable of implying formal quantitative methodologies. In turn, these methodologies do not imply any empirical perception of this material reality directly, since by definition our direct perceptions are qualitative and therefore subjective.

In both cases, whether we start with the posited materiality as measurable, or whether we start with the subjective methodologies, we have not shown the connections between the two. The reason that the connection cannot be shown is that the qualitative experience that indicates the direct awareness of the differences among things, differences that are more than the sum of the material parts, is reduced to qualitative subjective experience, while the sum of measurable parts is posited as the objective reality, thus constituting the principal differences between subject and object. Given that objectivity is the sum of material parts and, by implication, everything else is subjective, then the formal and quantitative methods are equally subjective and therefore there is no connection between the subjective methods and the sum of the material objective parts.

Moreover, the formal and quantitative rules do not have within their own compositions any criteria for making distinctions between types of experienced things, and thus they can be applied on everything indifferently. What is important is the choice of formal and quantitative rules over qualitative categorical distinctions. Since both are by modern definitions

subjective, then there is no inherent criterion why one would be more objective than the other. We must look for an account within the very composition of those invented rules. First, it can be argued that it is impossible to gain any advantage over the environment on the grounds of categorical, qualitative distinctions. Second, it is also the case that formal and quantitative rules comprise within their own structures techniques for transforming the material environment. This way the choice of formal quantitative rules already implies the choice of instrumentality and the possibility for application. The modern sciences whose theories and methods are framed within formal and quantitative structures are in principle technical. This is the reason why any scientific discipline that cannot be technically tested is not regarded to be scientific.

We have reached the point such that the constructed methods have no other criteria apart from being technical. While we have such methods they have to be connected to the material homogenous world. This connection is provided by various theories, yet all theories assume corporeal activity as a mediation through which scientific methods are applied. At this level is born a new definition of the human as a tool maker, as *homo laborans*, as practical man, including the primacy of pragmatism. This is to say the body becomes a constructed set of abilities in accordance with the requirements of technical discourses, and such bodies must slowly become technical, productive, efficient, rule bounded, and perhaps fragmented into diverse functions. At the outset, the mechanical and technical body takes precedence over body as simple human body. The latter will be judged on the basis of its abilities or disabilities to perform technical functions – a functional body following global-technical standards.

The universal claim to this construct that has equally become a logic of globalization is the ground of various theories of power. At the outset, the very instrumentalization of method and theory applied through the mediation of bodily activity on the material homogenized world has an implicit premise: the increasing application of our methods and the transformation of the environment in terms of our own controls lead to an increasing ability to master and control domains of the environment and, therefore, to acquire greater power over the environment and ourselves. It is to be recalled that the methods and theories are not given objectively but are constructed as instruments to reshape the environment, and as instruments they are at the service of autonomous will. We have reached a position of the metaphysics of the will that, while generating itself, generates the very rules by which the world is to be constructed. This self-generation of itself and rules is the ground

of modern anarchy and "human divine complex." Capitalism, especially, enjoys this divine status and uses technological power to make its way across the globe. But it must be understood that it has reduced democratic education to technical training of experts whose only concern is to "get a job."

## PROGRESS

Premised on the metaphysics of the will is progress. It must be without regression, without death, and all formal systems and all transformations of the lived world must be calculatively remade to maintain this permanent structure. What is peculiar about progress is that it has no "subject" that would progress. Its aim and its subject is itself and thus it is self-referential. Progress is its own destiny. It constitutes its own increasing formal refinements, efficiencies, and "perfectabilities" without of course attaining perfection. No attained construction is left without possibilizing and hence improvement. In this sense one could say semiotically that the signifier and the signified are one. This is precisely the point of crisis: the sciences are entering human life on the basis of making humans function in accordance with the very prescripts that are imposed on the presumed physical world. Thus a question: is this progress for human life, or is this an arbitrary treatment of the human and, hence, the subsumption of the human under arbitrariness and the imposition of power over the human?

Educational institutions have become training factories for technical disciplines. Since technologies function under the law of power, i.e. increasing growth whose only aim is self proliferation, and since their continuous refinement calls for greater efficiency on the human side, then the human must be increasingly subjected to a system of disciplines that prescribe functions needed for "the market" but without any critical understanding. The ideological outcome is the behavioral model: for each signal there is a precise, efficient, and required reaction. Any deviation is "abnormal." In this sense, the social fabric, as the arena of human daily activities, is shifted toward docile bodies, structured by direct impact of materially designed rules. To speak of individualism, in this setting, is sheer nonsense.

It should be obvious that the disciplining is also a double punishment: subjection to technical functions, and compulsion to achieve rewards that might be detracted if one is "unfit." On this basis there emerges a hierarchy of functions arranged in terms of technical importance. The hierarchy demands appropriate efficiencies that require increasing disciplining. One moves up the

"ladder of success" by increasing subjection to the system's requirements. Hence tests, records, individuate the most fit to assume the higher positions and thus higher power. The upward movement is correlative to the subjection to increased efficiency. Those who attain the higher rungs, and assume a greater modicum of power, are called upon to legitimate the very process to which they are subjected. Hence, they become, at least in part, spokespersons for the process and offer ideological reasons for these very process. One may use "predator" images, or language of "survival of the fittest," or a construction of psychological tandems such as "aggression," "profit motive," and "drives" that are inborn. These legitimations are somewhat remote from the traditional mythological types, such as divine right of kings, yet they at times assume the mythological guise by citations from some ancient text.

Funded by corporate systems the globalizing technocracy subsumes the interests of local governments: the latter, in order to satisfy the "concerns and needs" of local populations, must adhere to the globalizing needs that define what sort of "education" the indigenous people need. In this sense the governmental projects and programs will have to reflect the global requirements and, in turn, the decisions for the local governments and educators will be "external" to local life worlds.

First, the required infrastructure will be imported and require specific modifications of local environments without the consent of the population. It will be the government's task to modify such an environment even at the expense of local populations in order to "develop" the region for the technical infrastructure.

Second, the logic of the latter requires a setup of pedagogical conditions that provide, in principle, training for the performance of technical tasks, and not education for democracy. Moreover, such training conditions are *a priori* designed to establish a competitive strife and division of "capacities" to the extent that the more "capable" would join a distinct class of technocrats with the power to set both pedagogical and productive tasks. These "higher experts" are placed in an unelected position to set various policies that determine the political requirements of a given government.

Third, the technical experts are released from any ethnic-national allegiance and required legitimation by their own national populations. Such experts become detached from local concerns and can be moved to any region in the world to fulfill required technical tasks. Such experts become "nomadic" and detached from any local interests; their interests rest with the requirements of global technocracy. This situation may present an appearance of "liberation" and, indeed, global democratization through technocracy. The very notion that

some indigenous person can become technically required across the globe, and hence becomes "free" to move and offer his skills, does not imply democratic freedom. It simply implies a subjection to univocal, homogeneous, and indifferent technical logic bereft of any human life world.

Fourth, the technical logic is premised on "progress" and one of its variants, "development." The issues, at this level, are: (1) technical progress, in its own right and by its own logic, cannot have a purpose apart from its own self-proliferation. Any purpose that defies technical increasing self-proliferation must come from outside the technocratic domain. (2) But this domain, as the local public arena of peoples decisions, is precluded from and closed by technocratic logic. Thus we are left with progress, as technical development, that has no other purpose as its own continuous advance. (3) Any decision that would involve "public interest" will have to be instrumental, and hence at the discretion of global technocracy and its current progress and infrastructural transformations, both socio-environmentally and pedagogically. The rhetorical power of this technocracy states that "either the local population complies with its logic, or it will be left in the backwash of history." (4) Thus we emerge with a first paradox: either you go your own chosen way and have your own public institutions and decisions be deprived of "development," or you become subject to the globalizing technocracy and its elitist decisions. But there is also a second paradox: if you select to maintain your own local democracy and determine the limits of the technocratic globalization, you will become the cheapest resource for globalization. In either paradox, democracy is not required and indeed shunned.

Fifth, given the numerous technocratic advances and increasing instrumental choices, there is an appearance of "freedom." This leads to another appearance: the technocratic infrastructure and, indeed, technocratically laden super-structure are democratic. This is to say, the assumption is that once the technocratic conditions are established, they lead directly to democracy: choice and over-choice in the material domain - commodification. In principle, at this level the populations are not invited to make public judgments concerning the technocratic rulership, but to compete for technocratic positions through specialized training in order to obtain jobs for "decent" pay and purchasing power. Any dialogue on the necessity for the mountains of "values for sale" continue to be impossible.

## A WAY OUT

The current emergence of national groups, unchained from being strategic toys in the cold war strife, offer an opportune settings to allow for democratic developments despite the pressures of globalising technocracies. This means that the first prerequisite of local political affairs should be the establishment of a public domain, subsequently confirmed by a constitution, and then by division of powers. In this sense, the very notion of technological globalization would become interpreted through the lenses of the local public and its decisions in open and transparent debate. But the latter must be founded on a firmer, and less arbitrary ground than that offered by global paradise. For this we need the “fifth estate” that is usually neglected, even if it is “debated” by every shade of political persuasion. We need education in contrast to technical training. It is so obvious even in the newly established autonomous nations, such as Lithuania. There is a persistent push toward technical training at the expense of dialogical and critical education for the maintenance of democratic society. The technically trained persons soon discover that their “skills” pay better elsewhere and thus become nomadic – at the immense cost for local education systems and the citizens. Thus training neglects education by excluding the human domain that is “more” than the sum of parts, or any sum of technical functions, not because humans are “infinitely complex” but they are dialogical.

Numerous recent and current thinkers have rejected the conception of human community as a herding together for mutual utilitarian benefits. Writers such as Apel, Schrey, Waldenfels, and Fink advanced convincing arguments that sociality is at base a communicative community, i.e., it is dialogical. (Shrey,1970: 19). This is not to suggest that the dialogue is “invented” or arises from some primitive signs which, in their subsequent combination and refinement, comprise a fully formed capacity for dialogical engagement. Rather, humans are always in a mutual dialogue with their fellow humans, so to speak, from day one. Of course it is to be noted that dialogue is not identical with what is called the lexical domain. It has other coextensive and correlative domains which are equally “dialogical.” (Straus,1969: 20).

What must be addressed is the composition of dialogue *in concreto*, in human engagements with one another, and this in order to avoid two prevalent conceptions of human sociality: 1) society, with its linguistic institutions, customs, practices, and hierarchies of necessity dominates, shapes, and conditions the individual. The individual is an intersection of numerous social “forces.” 2) The individual is prior and society is a sum of individuals, with

their singular and incommunicable "immanence." As Schrey suggests, these two conceptions separate entire political systems. (Schrey, 1970: 23f.).

Either the social system is prior, or the individual is fundamental. In the first instance, the individual must conform to the norms and demands of society. Thus social institutions are designed to shape and adjust the individual to acceptable "norms." In the second case, the individual is "autonomous," having pure, solipsistic immanence which cannot be communicated. If there is a need for social interaction, then the sole and scientific mode is asking the individuals for their opinions and summing them up statistically. Are these the only two options to understand human life world? From concrete human experience, it is possible to extricate a somewhat different possibility, presupposed by the two options.

We should consider the possibility of human being as dialogical without surrendering the person and without reducing human encounter to purely external relationships among autonomous and autocratic persons. What comprises dialogue can be articulated at various levels. It is possible to begin with the spoken language, although other "dialogical" relationships might be more fundamental and will enter the discussion once the outlines of dialogical composition become somewhat obvious. At the spoken level, dialogue involves a person speaking to someone about something, some theme, concern, problem, or even imagery. But the "speaking to someone" does not mean that it is a one-sided event, with one person active and the other passive. Rather, it is a process of interaction in which activity and passivity are mutual. For example, when asking a question about something, the speaker "passively" expects an answer. The person, listening to the question "passively" at the same time is directed to the object of interrogation and is "actively" formulating options for an answer. (Husserl, 1966: 61).

A dialogical process requires a three-fold orientation: relationship to a situation, relationship to another person, and relationship to oneself. This composition is prior to any question concerning the priority of the social over the individual and conversely. In dialogue both commonality and individuality emerge. A person experiences his/her understanding and limitations only by relating to the other person's interrogations and challenges in their mutual orientation to a situation. It could be said that a person is "decentered" from ego-centricity by the presence of the other person, and in such a way that they recognize both their common engagement and their distinct personal individualities through mutual differentiation and limitation. Society and individual constitute themselves in a communicating, dialogical activity. (Husserl, 1952: 194). Specific modes such as address and reply, trust and

understanding are mutual. While turning to the other person, one also turns to a situation, inviting the other to consider the theme, the event, the problem addressed in dialogue.

A communal constitution of a dialogue cannot be achieved adequately if the other person is invited to face the addressor as an object of perception, for in such a case the invitation is overly "objectifying," thus shifting the dialogical relationship from the personal to the peripheral. The person is encountered, however, in the orientation toward the world, the concerns, the joys, and the events; in this turning, the other person is called upon to do the same. Here emerges a cooperation where every person influences one another without the loss of their mutuality and their individual contributions. Instead of being "subjects" facing one another, or an object for each other, they are partners in a common undertaking. Radically speaking, in the communicating dialogue the other person is an object of someone's "intentionality" but, as a cooperator, partner in an undertaking, the other person enters one's every act of intentionality. As cooperative and co-present, the other person is present prior to an explicit experience of the other. In contrast to the factual, the social aspect, the person's relationship is solicited and shaped by an "addressing intentionality," which has at the outset the world and the other taken for granted. (Waldenfels, 1971: 436).

While the specific understanding might belong to the person's experiences of the world, the person in dialogue is cooperator in the experiences of the other person. This is to say, persons come to recognize their explicit understanding in the dialogical "reflexivity." Here we have an "ur-mutuality" that implicates simultaneously two persons. Yet, we are not beginning with some "anonymous social they," nor do we take a mysterious leap into the "interiority" of the other person; rather, we approach both in dialogue. Moreover, the dialogical motivation must be distinguished from an object motivation. The object motivates a person by its object characteristics. The person does something with it without the object taking an initiative toward the person. The relationship to an object is not a cooperation in a complete sense. If it were treated as another person, it would become a fetish. Originally, the other person is not an object but an addressee, i.e., implicitly or explicitly it is an addressed you and not a described it. The other is both a receiver and a co-giver of sense and meaning.

This is manifest in the intertwining of activity and passivity in dialogical engagement. The initiative shifts from one person to the other without stalling either to complete inactivity. One addresses, pays attention, expects, listens, and receives, as does the other. Hence, the dialogue is a total event



containing a double movement. It initiates with the addressor, reaches its aim in the counter movement of reception and answer, and a counter movement comes from the listener, fulfilling itself in the reception and communication of a reply. From the very inception there is a movement and counter movement ruled by a singular intention emerging from the "inquiring" orientation of one person and the replying re-orientation of another person.

More precisely, the address aims directly at another person's reply and the validity of the address comes to fruition in the person's reception of the reply. This kind of activity is neither purely a one-sided act or one-sided endurance; rather, from the very outset it is a lending of intentionality toward something and an opening toward expected reply. The speaker lends the listener something to understand while allowing the other to hear it in his/her own way, and hence to be a co-initiator and a co-intender, to become immersed in the address and the intended states of affairs, and through the reply to offer a co-initiative to the speaker without losing the initiative. Activity and passivity are two expressions of one event.

Dialogue is premised on the direct awareness that the dialogical partners take a position to something, some theme, or event. For dialogical process, it is insufficient that something is "there" in the world; that something must become a theme and a focus of the dialogical event, to be a unitary "attentional core" appearing through different phases of the dialogue. Yet the dialogical process includes "filling interconnections" which add another level to dialogue. Agreement and disagreement are more than "about something," some theme or concern. It is also a "carrying over" experience, where address and response constitute a coordinating interrelationship of "filling" the intentions of the other person through one's own experience through the other's. (Husserl, 1962: 484). One's question is filled by the other's experience from which the reply emerges, and this experience is carried over, becomes appropriated by the one who initiates the dialogue. In turn, the question itself emerges from experience and carries over that experience to the addressed person. It is a mutuality of transmitted experiences.

The mutual transmission comprises a temporal field of syntheses that are never final or complete; after all, the transmitted experience is not only a "sense making process" but also requires of each person to provide a unique filling with a specific content. Hence there is always a partial "covering" and yet an individual uniqueness in dialogical exchange. Each person transmits the meaning, yet the meaning is filled in by both from their experiences and hence achieve a partial covering, maintaining both a commonality and individuality. This is to say, the experience is shared in its meaning, and due to the latter

each person transmits some features of his or her experience to the other. In brief, individuals “borrow” the experiences of others and, in turn, lend their experience to these others, thereby comprising a broader and mutual field belonging to both. In a social setting this comprises a “policecentrically” articulated dialogical field containing both a commonality of meaning and an individuality of personal experience. (Husserl, 1952, p. 192).

Dialogue is a movement whose partial movements or phases exchange and intersect one another, while comprising a continuous relationality of the persons without allowing any to sink into irrelevance or into a subsidiary role. The other person is always a complement not only supporting our role and activity, but also accepting or making sense of and transmitting our initiative from the very inception. It is to be noted that the sense is not given *a priori*, but emerges temporally and includes not only the immediate dialogical partners, but also the “silent” partners, such as “historical” figures who engage us, question us, and in turn are questioned. They have a presence that comprises a deepening of the poli-centric field of dialogical interaction.

As we noted above, the dialogue involving Aristotle, the Arabs, and the moderns, comprised a poli-centric field focused on a specific issue: parts and wholes. The meaning of this profound problem emerged only in dialogue, and it continues to be tacitly understood as a dimension in a “pre-predicative” way by all sciences. This is to say, the individuals’ experiences are unique, and yet through this “latent” meaning they are “communalized.”

One important aspect of the communalized meaning is that it comprises the individual's and the community's direction and “sensibilities.” The latter, emerging from a dialogical and partial covering, emerge as facets of the “communalized meanings” that become a community's sensibilities. No doubt, all persons have their own sensibilities, perceptions, and unified points of significant references in the lived context, yet the dialogical community in a certain way has its own sensibilities. One hears, perceives, tastes, and touches not only with one's own sensibilities but also with those of the others, and they with ours. This is not merely an objective statement but a fact of consciousness linked to the human condition. Each person's experience is not only oriented by privately present sensibilities but also by “our” sensibilities. (Husserl, 1973; 17).

The interpersonal world, the dialogical community comprises equally an “opening” of the individual to the richness of other experiences, and thus either by challenge or mutual cooperation, individuals’ experiences are never solely their own, and their expanding and enriched experience is co-constituted by others. The individual can never be narcissistic, without becoming an abstraction.

As a dialogical partner, when co-constituting the meaning and experience of one's life, the other cannot be regarded as anything else but as "co-equal or co-valent" in everything that one does, says, or thinks; after all, the doing, thinking, and sensing are already intertwined and mutually articulated as "our" meaning and sensibilities. It is thus nonsensical to be responsible to oneself and not to others.

The ontological problem of parts and wholes is resolved at a more basic level: dialogically, or even poli-centrally speaking, persons are individuals because of their difference from and continuation through others that make them and the others more than they would be without each other. In turn, this "more" is not some anonymous "society" with its power over the individual. Now we can turn to the educational domain to explicate the requirements that would unfold this more both as an individual and intersubjectively.

To begin with, the unfolding of the more is also related to the phenomenon of diversity of human occupations, interests, and abilities. In this sense it would be impossible to prescribe an education policy that would teach everyone designated skills for "success." We have noted that there is an originary equivalence between persons, while through education the equivalence will unfold into differences. Among the interests and capacities of each individual, there can emerge one's "highest capacity," and do so through the process of education. The bringing out of such capacities and their exercise in society leads to the fulfillment of a person's life. This means that to be able to exercise what one can do best is to be satisfied with one's life, while to be placed in an area because such an area is simply more "lucrative" is a disservice to the person.

In turn to enter an area where one's capacities are not adequate is also dissatisfying both to a person and to others. To insist on becoming a doctor when one cannot endure the sight of blood or pain will not lead to being a good doctor, and thus is a disservice to others. Yet to be able to become a doctor, and yet be pushed to become an inadequate mathematician, is again a disservice to the person and to others. It could even be said it would be unjust to both.

It ought to be obvious how education becomes relevant. At the outset we do not know our own abilities nor those of others. They are to be unfolded through the process of education, i.e. they will be discovered by allowing each individual, each youngster to be instructed and tested in all available disciplines in order to discover, very slowly, what a child can do best. Here a distinction should be emphasized between what one likes and what one can do best. Youngsters might not like algebra, but they might be better in this

discipline than in another that they like but can hardly master. We cannot confuse satisfaction or even happiness in doing something well with some sort of invented psychological feelings. Psychological education is not an appropriate way of treating youngsters.

Once again, the educational system must allow equal access and requirement of all youngsters to be introduced to every subject matter in order to discover their forte. There cannot be *a priori* decisions either on the basis of “aptitude” tests, as if to discover what someone is good for, or on the basis of preferences for a subject matter by youngsters or their guardians. Tests usually rate individuals statistically but cannot predict individual cases. Only a protracted engagement with a task or a discipline can reveal the level of abilities. The beauty of human life lies in the variety of human abilities, since each, in its difference from others, reveals the richness of life, its open horizons one through the others.

This richness has a basic outline: to unfold their abilities, persons need others to the extent that the actualized capacities are inadequate to fulfill all of their needs – for the latter, they need others with different actualized capacities. Thus the fulfillment of a person’s life is coextensive with the unfolding of the capacities of others and, correspondingly, the correlate fulfillment of their lives. Actualization of one is an actualization of others, but in such a way that each is aware of the importance of the abilities of others for mutual fulfillment of the variety of needs, from daily necessities to cultural creations. The latter are just as much needed as other necessities – as shall be seen later.

Such awareness is required in order not to fall into the sense of false security of being a “self made man” completely independent of others, or perhaps even most important ignoring the relationship to them. There was no mention or decision as to which abilities are more important than others. At this level of unfolding the “more,” all abilities are equivalent to the extent that they comprise mutual contributions to one and all. It must also be stated that there is not yet the question of the priority of individual over society or society over the individual: both are mutually “founded-founding” – well argued and defined by Husserl in his *Communal Spirit*. (Husserl, 1962, p. 484).

In this sense the task of education and the educator is to lead persons to the discovery of what they can do best. Correlative to educational process is the movement from situated limitation and narrow mode of being to openness, and thus expanding freedom through the contribution by others present in a given tradition. After all, what persons can achieve by virtue of their inheritance from a tradition is something they could not achieve on her own.

Being with others, even with those with whom we carry on a dialogue through texts and stories, open and enrich us, offer us options and thus extend our freedom. Human freedom is, in this sense, limited and conditioned, but not closed and determined, since it is education that allows a transgression of the limits toward the more, but never toward a full and unconditioned autonomy, even if the latter might be deemed a final goal of human emancipation. There is, therefore, a constant tension between a person and the conditions in the form of limitations and their transgression, of being conditioned and at the same time subsuming those conditions in one's own life through education; the latter mediates a person through a tradition, and shows how tradition functions and what options it offers. Education thus adds to the individual and society a dimension of freedom and openness, orientation, and a greater range of options.

While human beings can unfold in a great variety of abilities, the latter provide a ground, but not a complete fulfillment of human openness. It is in the ways the openness is shaped that a greater variety and orientation of the fulfillment reside. In this sense, the responsibility of the educator is not only in bringing out a set of fixed abilities, but also in the concrete formation of them leading to direct, perceptual fulfillment. Lacking a formative orientation, the best of abilities may remain diffused or assume a detrimental function for the individual and others. The implication for such channeling is valuative. One may have the greatest talent in nuclear physics and could build weapons of mass destruction for any government; yet the question of valuing such a capacity demands that it be employed for the benefit and not the destruction of others. We cannot allow the development of barbaric expert geniuses under the guise of pure science.

We may recall few decades back during the Cold War, both blocks were bereft of education for scientists to make decisions of what is valuable in their sciences and what is not. A person working in a sophisticated laboratory calculates the destruction of lives during the first nuclear exchange – 60 million on one side and 70 million on the other side; then he goes home, kisses his cat, dog, children and wife and says “I love you,” while just having calculated their death. Such a person has not yet reached his or her full capacity in education, and the educator has not fulfilled her responsibility, because the recognition of one's highest capacity is, in the first place, a recognition of its value to oneself and to others. The negative effect on others of one's own abilities is equally a negative effect on oneself, since the prevention of the unfolding of the other is also a limitation on one's ability to recognize what is available in “more” of human abilities. One's own abilities

carry a partial formation of the others and conversely. Limitation and openness are mutual notions.

The question is obvious: could one perform an action which violates the others without violating oneself, and could one violate oneself without violating the others? By "violation" is meant a diminishment, thwarting, or destruction of human self-actualization in the social world. By violating others in this way, one is diminishing their possibility of actualization, and at the same time one closes one's own actualization insofar as one closes the capacity of the other to reveal a way of being human which has never, and perhaps will never occur. An educator who takes the capacities of youngsters either in terms of statistical group, or in terms of tests without first exposing these children to various fields and disciplines, is closing the possibility of youngsters to discover what they can actualize as their best ability, and thereby closing the contributions that they might make. Instead of becoming actualized persons, they remain as potential that is wasted, lacking an opening to increased freedom and concrete participation in actual social life.

All the torturous analyses concerning the "experience of alterity" are too late insofar as education is concerned, because prior to "face to face" encounters teachers engage their students in a topic, theme, discipline, or a region of the life world. This means that the students do not come as some sort of blank slate on which the teacher will inscribe information. Students come from a specific life world and are very familiar with things and events in such a world. This means that education does not start from some global and abstract dimension, but from a local understanding to which the global will have to accommodate. There is no such thing as a "universal education" without it being interpreted locally. "In this class, we shall study animals", a teacher announces, and the focus of the students is shifted to various kinds of animals, some of which might not be familiar.

The teacher starts from the life world of the students and expands their horizon to other parts of the world. Here, dialogue is established where the intentional orientations of the teacher and the student are toward a given field of study, and not to little Joseph's feelings toward his dog, though such a feeling might come up in a class discussion. Nonetheless, this personal aspect is secondary to the primary orientation toward the "animal kingdom," categorical differences, different environments, or evolution. From the experiences with animals in their life world, the students will be led by the authority of the teacher to understand a broader horizon at various levels, from animals through geography and all the way to varieties of vegetation and geneologies.

When we speak of "authority" we do not mean "authoritarianism," or some sort of dogmatism, but a way of adding to the meaning of a given subject matter. A five year old girl, in her first kindergarden, tells her teacher that someone has stolen her water puddle that was there in a yard - her plaything in which she splashed only yesterday. Now, the teacher could respond by getting a bucket of water to make a new puddle, or could "resignify" the puddle, calling the girls attention to the process of evaporation. By explaining evaporation on the child's level, the teacher would introduce the little girl to natural understanding. Thus, the triadic structure appears quite readily: the girl is concerned about the missing puddle and invites the teacher to focus on the object of the girl's concern.

The teacher also faces the same meant object, but now in a broader set of meanings - evaporation and the role of the sun, the formation of clouds, and the causes of rain. In the dialogue with the little girl about the puddle, she was led by the teacher to understand that the puddle will come back when clouds form and rain falls. There is no authoritarian demand, but a dialogical expansion of the girls horizon pertaining to the simple object of her concern. The teacher might even extend the dialogue and relate another region of objectivity to the simple question of the puddle: numbers. The teacher can point out that after the rain, there might not be one but five, six, or more puddles, leading the girl to learn counting. What is important is that the little girl was treated as a person and not an object, and her experience was not negated but expanded. In the dialogical relationship there is the I - You, and We-it relationship, wherein the other is treated as a subject and not as an object, and as a partner in dialogical exploration of a specific object or subject matter. Here we open up to a "we-consciousness", where I and You are co-present and are mutually required for the dialogical process.

In dialogue the initiative shifts from one dialogical partner to the other, without forming any sharp distinction between initiation and reception. The teacher forms a question in such a way that students can understand and form an answer, while the teacher expects an answer and thus forms a dialogical field of shifting phases that form not only a we-consciousness, but an open horizon of possibilities and a depth horizon, as a temporal background, from which questions and answers are explored and possibilities accepted or rejected. This means that a dialogue about a specific theme or subject matter does not begin in a vacuum, but in a horizon of past acquisitions and expand a given topic.

In short, we form a continuous we-consciousness by borrowing meaningful views of the subject matter from others and, in turn, enrich our

own intentional explorations with the "poli-centric" field of awareness. Teachers may speak of animals in terms of categories that belong to one tradition by borrowing such a view from some classical philosopher, or by using modern mechanistic view they may make distinctions among creatures in terms of gradations rather than strict categorical demarcations. Such a dialogical extension demonstrates that students need not have any "inner" empathy with classical or modern persons, but must see the "same things" with the same meanings that shape those things in their unique ways. Thus the teacher and the students are in a constant process of focusing on a subject matter that others have also examined, while opening other avenues for understanding and further exploration.

Following the equivalence of intersubjective awareness and diverse fields of learning, it is also necessary that educators and their students be cognizant that no field is worse or better than others, since each contributes concretely to the "free" activity of others. By "free" is meant the ability of shoemakers to make shoes for others without having to make their own bicycles, or teach their children algebra, as well as for teachers to be able to pursue the advancement of algebra without having to make shoes. Each would not be free to pursue the excellence of a craft without the others. All persons, engaged in their respective crafts, are equally important. When someone delivers their auto to a garage to fix the brakes, the mechanic, who is excellent at this job, is just as important as a professor of philosophy, since persons must trust the mechanic with their lives. At this level, the reward for pursuing a craft to its level of excellence is a reward in-itself. It is suggested here that it is possible to treat the unfolding of abilities as ends in-themselves and only in a secondary way as means to other ends, such as rewards for a job well done. In this sense, the pursuit excellence is primarily a measure of personal dignity and self-respect, but equally valuable to others.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

## *Chapter 9*

# **BLIND SPOTS IN ECONOMIC DEVELOPMENT AND LIBERATION**

*Hernán Vera*

University of Florida, Gainesville, FL 32611, USA

## **KNOWLEDGE AND DOMINATION**

According to Pierre Bourdieu (1982: 183), knowledge has a liberating effect even when the effectiveness of such knowledge is based on the misguidance it creates in the knower, whose partial and mystified understanding then endorses the domination, implied in the symbolic commerce done under the darkness of deception. In other words, those who have the power to impose such knowledge—that Bourdieu called “symbolic violence” —also have the power to occult, to blind others towards what they choose to ignore. Thus, knowledge turns out to be a mere fiction that in this essay will be considered a “sincere fiction”, because the intention of the giver of this knowledge is not bad faith and the receiver remains ignorant of the symbolic violence involved. The political shenanigans to destroy the reputation of candidates or to support a racial, religious, or political party, through falsehoods and insults, are typical of bad faith fictions.

I learned about economic development and liberation early in life and, in all naïve sincerity, I used these ideas most of my life. I now realize how extensively and with what minimal examination and misplaced trust I let these views guide my actions, thinking, and teaching. In this essay I revisit these two

ideas. To anticipate my conclusion, I realized that what I received as knowledge rested on enormous “blind spots” that guaranteed the effacing from my mind some critical human phenomena.

I was taught about economic development, proposed as the incarnation of liberation, when I was a Law student in Chile, from a book by Walter W. Rostow, an economic historian who also advised the Kennedy administration in the 1960s. I did not know it then, but as an advisor he was considered to be key policy maker against Third World insurgency (Talbot, 2007: 46; Wicker 1970:112 ). In fact, his idea that poor countries were caught in poverty, and could only escape from this condition through increased aid and investment, thereby leading to a “takeoff” in per capita income, was among the original justifications for foreign aid in the early 1960s. Currently, once again this view is invoked as a rationale for large foreign aid programs.

I have gone back and reread Rostow’s (1960) *The Stages of Economic Growth: a Non-Communist Manifesto* that taught me such vital knowledge in my formative years. When I read it the first time, I had already been taught that economic development, following the thinking of Max Weber and the economists who were en vogue then, was a central part in the process of “rationalization” in a society. Rostow claimed in this book that socioeconomic development is a historical process that once begun needs to be sustained with constant growth. But the rationality of such process was not examined by Rostow who, like most economists and social scientists at the time, saw constant economic growth as founded on “post-Newtonian” scientific thinking. Needless to say, the consequences of that growth have turned out to be not rational at all. Furthermore, Rostow failed to examine the possibility of economic shrinkage and the moral dimensions of the growth process.

The world over, politicians and academics adopted Rostow’s vocabulary. Who would want to declare one’s nation to be “traditional,” “pre-Newtonian”, or “backward,” as other U.S. academics have called them (Banfield, 1958)? In Latin America the idea of economic “take off” (*despegue económico*) is a central concept in political speeches to this day. Rostow’s claim that countries obligatorily pass through a series of five stages to reach modernity, which he called economic maturity, was embraced the throughout the world and is still used regularly to depict the growth process.

Needless to say, for Walter Rostow the developed (mature economy) countries were the industrialized nations of the West, led by England, France, and the United States. In fact, Rostow’s definitions and ways of thinking brought to extinction other views on work and production around the world.

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Since those years economic development has been the panacea that would solve all of a country's problems.

## KEY IDEAS

The ideas of economic development and liberation are not mere academic notions to be learned in economics or history courses. The influence of the social sciences in the world today, economics included, is principally in the adoption of their terminology that has become obligatory; their basic concepts have become the basic ideas used to think with about problems or issues.

The analysis presented in the U.S. media about the current world economic crisis is discussed mostly in economic and social scientific terms. Even commentary on events such as the earthquake that destroyed Haiti on January 12, 2010, which generated a broad movement of solidarity, was reported in the language of social science. The following example might seem far afield at first, but demonstrates how deep these notions have penetrated our thoughts. As large sums of money were promised to Haiti, this country was portrayed as "one of the poorest countries in the world, if not the poorest", a third world nation unable to escape from horrendous poverty.

This characterization was clearly that of a pre-take off country (Rostow, 1969: 4). For three or four days, as the destruction in Haiti was the major news sources, in the U.S. it was also extensively reported in the media that North American basketball star Paul Shirley, in a blog entry, bragged about him not having "donated a cent " to the recent Haitian earthquake relief effort (Flip Collective Blog, 2010). In his mind, Haiti should be admonished for "putting itself into a position where so many would be killed by an earthquake." He asked: "Shouldn't much of the responsibility for disaster lie with the victims of the disaster?" His answer was that the circumstances in which the people lived in such abject poverty exacerbated the extent of the crisis.

In Shirley's view, the people in Haiti did this to themselves. Finishing his blog with a sarcastic message to Haitians, applauding them for "their commitment to human rights, infrastructure, and birth-control," he recommends that "they use a condom once in a while." No doubt, Shirley did not know that in the XVIII century Haiti produced a full one third of France's exports and that its current abject poverty is something economic history should explain.

ESPN fired Shirley perhaps because condom use is no remedy for earthquakes. The blogger might have had in mind that "all the theories of

economic growth are intended to promote increases in per capita consumption.” (Dorfman 1991: 573) In this way, Shirley’s blog entry is not entirely the product of personal racist ignorance or individual dementia, but something commonly taught in higher education today. A second catastrophic earthquake in Chile allowed the U.S. media to use the idea that Haiti was less economically developed than Chile to explain the different degree of destruction experienced in each country.

## **GUIDES TO LIVING AND ACTION**

Economic development , as noted above, is not “just another idea” but a guide to living and action, if for no other reason that one cannot assume that human beings act without thinking. Paul Shirley blamed the victims of the earthquake in Haiti, a hurricane, and a Tsunami on the people’s poverty and their alleged failure to use condoms. On the other hand, Walter Rostow’s theory of stages of economic growth proposed that societies and world regions grow and develop at different speeds, based on their traits and abilities, entirely ignoring the violence involved in that growth.

Like many other social scientific “theories,” Rostow’s is little more than taxonomy. His stages towards “economic maturity” say little more than the world at one time was a collection of “traditional societies” that, thanks to changes in productivity brought about by science, became mature societies. England, France, and the U.S. led the world as economically “mature” societies, and, needless to say, should be imitated by the emerging “third” world nations. In Walter Rostow’s (1960: 7) words, “the great watershed in the life of modern society: the third stage in the sequence, (is) the takeoff. The takeoff is the interval when the old blocks and resistances to steady growth are finally overcome.” Then, Rostow (1960: 8-9) adds: “the revolutionary changes in agricultural productivity are the essential condition for successful takeoff; for modernization of the society increases radically its bill for agricultural products. In a decade or two, both the basic economic and the political structures of a society are transformed in such a way that the rate of growth can be, thereafter, regularly sustained.”

How or why could a historian of Rostow’s talent have ignored—left out entirely — that the first countries to reach “maturity,” England, France and the United States, in his view, did so to a large extent because they benefited greatly from the African slave trade and the work of those slaves (Davidson, 1961). The wealth accumulated by these nations that Rostow places at the

head of the countries that achieved economic maturity was, to a very large extent, achieved by the exploitation and theft of the bodily energy of those slaves. Parenthetically, the French Revolution of 1779 did not improve the conditions of African Slaves in Haiti, Saint Domingue (1697), Guadeloupe (1626), Martinique (1630) or other colonies of those and other European powers. In this regard, writes Davidson (1961: 59), “France and England were the principal agents of a new commercial system. One of the most profitable products was sugar that was introduced into the French West Indies in 1640.”

Louis XIV, King of France, The Sun King, ( “*le roi soleil*”) declared in a 1670 order that his desire was to promote in every way possible “the trade in Negroes from Guinea to the Islands of the Caribbean . . . There is nothing that does more to help the growth of those colonies . . . than the labor of Negroes (Davidson, 1961: 60).” Economic development, in this sense, is not the guiltless historical process described by Rostow.

## SLAVERY IN A BLIND SPOT

Walt W. Rostow delivered the undergraduate lectures that he later transformed into his *Stages of Economic Growth* manifesto at Cambridge University in Britain in 1958. The U.S. civil rights revolution had been going on at least since the 1954 Supreme Court decision *Brown vs. Topeka, Kansas*. So it was not that slavery, the European violence involved in the slave trade, and the enormous economic contributions of African slaves were anything but in plain view at that time. Yet, this historian chose to ignore the crucial importance of these facts in his depiction of the recent economic history of the World and the United States.

In the 246 years that slaves were exploited, according to Giles (2007), they contributed more than 605 billion hours of labor. The economic value of this free labor is, when inflated conservatively at 3% to 2006 dollars, a staggering 20.3 trillion. Or to put this number in a more visual perspective, this total amounts to \$563,450 per African American currently living in the U.S.

Estimates tell us that between the sixteenth and seventeenth century between ten to twenty five million African were brought as slaves to the New World, not counting the millions that died en route (Woodruff 1991:187 Sugirtharajah, Rasiyah S. (2001)). Davidson (1961:60) mentions the enormous profits, allowing for huge accumulation of wealth of the slave trade. African men and women were bought in Africa for about \$40 and sold in the U.S. and the Caribbean for \$800 to \$1000. The Cargo of a slave ship was then worth

about \$175,000. After the trade was outlawed in 1808, the value of slaves increased. Additionally, Rostow ignores the violent appropriation of Native American lands, as if these were foreign to the economic development of the United States.

The crucial blind spot of this highly influential academician and government advisor makes his economic history useless as a “post-Newton” work. The subtitle of the book, *A Non-Communist Manifesto*, gives a hint as to why the blind spot was created. Rostow is writing during the Cold War. His history was automatically self-censored to hide from view a shameful period in the history of his country or the actions of some historians, like Rostow, who engaged in cold war propaganda. In point of fact, in this book The Soviet Union appears as an economically immature society, behind Britain, France, the U.S., and other nations.

## **RACE IN SOCIOLOGY’S BLIND SPOT**

Rostow’s blind spot is not his monopoly or that of historians. U.S. racial history and the importance of white racism received a blind eye in other disciplines as well. An examination of the Presidential keynote addresses of the American Sociological Association from 1954 (The year of the Supreme Court Brown decision) when Florian Znaniecki was president to 1971 when William H. Sewell was elected to this highly symbolic office reveals that only one president —Everett C. Hughes—in 1963 mentioned race relations in his presidential address. But this presentation was about the conflicts between French and English Canadians.

The Presidents of the American Sociological Association failed to consider the civil rights revolution (and the fires in the riots in hundreds of American cities taking place under their windows) as relevant enough to mention in their keynote addresses. How could such a blind spot afflict scholars of this caliber? The blind spots in Rostow and the Presidents of the American Sociological Associations can be attributed, following Pierre Bourdieu (1990: 4), to the “institutional power, and especially the institution of the University and all the violence, imposture and sanctified stupidity that it concealed.” Nonetheless, such gross omissions cannot be ignored or sanctioned.

## INSTITUTIONALIZED LIBERATION

Bourdieu does not only consider the violence, imposture, and sanctified stupidity concealed in the University, but these traits found in all organizations that claim an institutional power. Among such organizations, the Catholic Church stands out for its size and visible hierarchical lines of command. I have chosen to examine the blind spots in this church — from which I learned about liberation—because this organization’s stubborn denial and protection of its pedophile clergy can be identified easily as a gigantic blind spot.

Readers will have no problem recognizing this church’s prolonged rebuff and blindness to the child abuser and pedophile clergy in its ranks as having created a serious creditability gap when this organization is all about credibility. The current Pope, Benedict XVI, previously Cardinal Ratzinger, Prefect of the Congregation of the Doctrine of the Faith of the Roman Curia, the Church’s highest and most famous (Holy Inquisition) tribunal, has acknowledged the seriousness and importance of the problem and apologized to the victims in a recent September, 2010 trip to London.

The Pope’s acknowledgement and apology came at the Mass he celebrated in London on September 18, 2010, when he expressed “his deep sorrow for the unspeakable crimes of child abuse.” This admission came roughly six years after the 2004, U.S. Catholic Bishops Report that incorporated the following facts about the United States: 4,392 US clerics (priests, deacons, bishops, etc.), or roughly 4% of the 109,694 serving, had been accused of abuse between 1950 and 2002. Of the 10,667 abused individuals, 81% were male and 19% female. The known cost to the Catholic dioceses (not including a probable \$85 million Boston settlement) was \$572,507,094, in 2004, but these amounts are suspected to be low too. At first, the Vatican attributed these facts to American ways and culture, an entirely national affair. But following the U.S. scandal, other countries continued to uncover similar crises. As I was finishing this paper, U.S. television was reporting that all the dioceses in Belgium, a Catholic country, had hidden the presence of pedophile priests.

It is not easy to explain this blind spot on the part of the church authorities, specifically in the current Pope Benedict VI, who, as reported by CNN, even appointed a convicted pedophile priest when he was archbishop in Munich, and slowed down the defrocking of several priests when he was the Prefect of the Congregation for the Doctrine of the Faith since 1981.

Needless to say, the Church’s blind spot for its pedophile clerics did not start in the 1980s and certainly not under the current reign of Benedict XVI. In a blog, the victims of these priests write about John Paul II: “he condoned and



covered them up and history has proven that he did not defend or protect one single victim and he did not remove one single pedophile priest during his reign as the infallible Pope John Paul II the Great.” (<http://jp2army.blogspot.com/2010/04/reasons-why-opus-dei-covered-up-john.html> )

One of the journalists in the CNN report believed that Cardinal Ratzinger and Pope John Paul II were so concerned with eliminating the theologians of liberation that they blinded themselves to the pedophiles.

## **THE OPTION FOR THE POOR**

The public relations image of John Paul II, as religiously conservative and socially progressive, is a media construction that does not correspond to his profoundly conservative actions as Pope. For example, John Paul II traveled to Chile in 1987, during the Pinochet dictatorship, and he never called publicly for liberty or democracy. By contrast, in his visit to Cuba he was publicly critical of the Castro regime. Nonetheless, General Augusto Pinochet would eventually spend 500 days in house arrest in London awaiting extradition to Spain, and then in several other European Countries for genocide, torture, and murder.

But the Catholic Church was not in the forefront of these indictments. Father Saldana, the Opus Dei Vatican secretary of State, asked the British government to let the ex-dictator go. Critically, John Paul II canonized, only 27 years after his death, Opus Dei Founder, José María Escrivá, who had given a private religious retreat to Generalissimo Franco and his wife and published a congratulatory letter to the dictator. Parenthetically, Pope John XXIII and Monsignor Victor Romero have not been yet declared saints. In spite of his many homilies and speeches in defense of the poor, Pope John Paul II was profoundly hostile to liberation theology that openly took the option for those poor.

One of the most important documents of that theology is the declaration of the Latin American Bishops in Medellín, Colombia, in 1968, in which these bishops declared that the Church had to take the option for the poor. The opening paragraphs of the Medellín Statement read:

1. The Latin American bishops cannot remain indifferent in the face of the tremendous social injustices existent in Latin America, which

keep the majority of our peoples in dismal poverty, which in many cases becomes inhuman wretchedness.

2. A deafening cry pours from the throats of millions of men, asking their pastors for a liberation that reaches them from nowhere else.

John Paul II's visit to Peru in 1985 was one of his most successful trips. Millions attended the rituals he presided over and he was highly venerated. However, also in Peru, a group of Native Peoples delivered to him the following letter:

We, Indians of the Andes and of America, have decided to take advantage of the visit of John Paul II to return your bible because in five centuries it has not given us love, peace, or justice.

Please, take back your Bible and return it to our oppressors because they need its moral precepts more than we do. Because since the arrival of Christopher Columbus America was imposed by force, a culture, a language, a religion and values that belonged to Europe. The Bible came to us as part of the change imposed by colonialism. The Spanish sword that attacked and murdered the body of the Indians during the day, it became a cross that attacked the Indian soul, at night.

The letter ends asking the pope. Who have you come to visit and to bless now: the foreign oppressor that profits from the suffering of others or those who suffer the oppressed native people? ([Daily Telegraph](#), February 7, 1985; also partly cited in Sugirtharajah, 2001)

In the United States, the image of the Polish Pope is still being used in the post-Cold War skirmishes. For example, *Nine Days that Changed the World* (2010) is a new movie produced and hosted by former House Speaker Newt Gingrich and his wife, Callista, that attempts to show the importance of the Catholic faith to both freedom and democracy. For those who are unaware, Newt Gingrich is a new convert to Catholicism. The point of this movie is that the Catholic Church was instrumental in defeating Marxism in Eastern Europe, particularly Poland.

Catholic Popes are seen by the faithful as occupants of the leadership role that Jesus Christ gave Apostle Peter. The message of Jesus, as formulated in the official four Gospels, is one of human liberation. Yet the ongoing scandal of pedophile priests the world over in the Catholic Church priests now involves the Pope.

## BLINDING ORTHODOXY

As I was finishing this paper, CNN broadcasted on October 3, 2010 — *What the Pope Knew* — a special report on pedophilia among Catholic Priests. As was mentioned earlier, one of the theses of the report is that Cardinal Ratzinger and John Paul II were so obsessed with orthodoxy, especially against Liberation Theology, that, in their obsession, they failed to see the rampant pedophilia among the priests.

The Vatican's attack on Liberation Theology gave rise to an Instruction on Liberation signed by Cardinal Ratzinger, Prefect of the Congregation for the Doctrine of the Faith, and approved by Pope John Paul II. This document, *Libertatis Nuntius*, released August 6, 1984, is a rambling doctrinaire piece that concludes that Catholic liberation is expressed in the prayer of the Magnificat that refers to Mary accepting obediently the commands of God. Liberation, for the church, the Cardinal writes, consists in

“Never ceasing to recall to her children that they have no lasting dwelling here on earth, she urges them also to contribute, each according to his own vocation and means, to the welfare of their earthly city, to promote justice, peace and brotherhood among men, to lavish their assistance on their brothers, especially on the poor and the most dispirited. The intense concern of the Church, the bride of Christ, for the needs of mankind, their joys and their hopes, their pains and their struggles, is nothing other than the great desire to be present to them in order to enlighten them with the light of Christ, and join them all to Him, their only Savior.”

This instruction is an example of the highly abstract, doctrinaire orthodox theology that liberation theologians see as foreign to the Latin American reality. To this day, ultra-conservative pundits continue to use Liberation Theology as a sign of Marxist dogma. For example, after his "Restoring Honor" September, 2010 rally in Washington, D.C., Glenn Beck added to his insults of President Barack Obama that the president is a follower of "liberation theology."

Not that Beck knows anything of this most important current of thought. In fact, he defined it as a theology that thinks of “oppressor and victim...That is, a direct opposite of what the gospel is talking about...It's Marxism disguised as religion.” Needless to say, this is far from any formulation of Liberation Theology, even how the Vatican characterized it in its attacks. Christian

thought is “other oriented,” while the notion of victim and oppressor is a product of Beck’s arrogant ignorance.

Besides, as Rev. James Martin, S.J. stated: “It’s hard to ignore the fact that Jesus chose to be born poor; he worked as what many scholars now say was not simply a carpenter, but what could be called a day laborer; he spent his days and nights with the poor; he and his disciples lived with few if any possessions; he advocated tirelessly for the poor in a time when poverty was considered to be a curse; he consistently placed the poor in his parables over and above the rich; and he died an utterly poor man, with only a single seamless garment to his name. Jesus lived and died as a poor man. Why is this so hard for modern-day Christians to see? Liberation theology is not Marxism disguised as religion. It is Christianity presented in all its disturbing fullness.” The connection between religion and the poor, in this sense, is not an aberration but basic to Christianity.

## CONCLUSION

This essay has discussed several blind spots in the knowledge proposed by an influential historian, a professional association, and the largest church in the Western world. These blind spots make their knowledge, to say the least, suspect. Pierre Bourdieu (1990: 22) approached the problem as the violence involved in the creation of “symbolic capital.” This sociologist reminds us that the blind spots here discussed “are part of social reality and that the socially constituted subjectivity that produces them belongs to objective reality.”

In the end, these omissions are important when attempting to discuss liberation. In a way, they have tempered the liberation that was possible through activities such as the economy and religion, and have illustrated the complexity of this process. Freedom at the market, accordingly, does not automatically translate into a society that is free of exploitation and other forms of oppression. Focusing on the market, in other words, does not necessarily culminate in liberation that has any important social or community significance.

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In: Toward a Post-Market Society

ISBN: 978-1-61209-646-9

Editors: J. W. Murphy, K. A. Callaghan © 2011 Nova Science Publishers, Inc.

*Chapter 10*

**PHILOSOPHICAL REFLECTION,  
SELF-MANAGEMENT, AND THE  
DISAPPEARANCE OF THE MARKET**

*John W. Murphy*

University of Miami, Coral Gables, FL 33124, USA

**INTRODUCTION**

During the past couple of years various scholars and financial experts, from different sectors of American society, have worked valiantly to prevent the collapse of the economy. Nonetheless, the economic system continues to teeter, with minimal growth and job creation. Much of the population, in the United States and around the world, remains insecure and fears a return of the Great Depression and the associated strife. And nothing seems to be capable of directing the economy away from this disastrous fate. Reminiscent of Keynes' description of the 1930s, a "dark mood" seems to have settled over the world.

The underlying message is that persons have lost control of the economy. Jobs are lost, unemployment rises, and poverty increases, as if these trends are part of a natural and inevitable cycle. In fact, some critics describe this process as part of achieving a basic equilibrium that corrects past mistakes and moves the economy forward (Choi and Murphy, 2009: 1-8). Globalization, for example, is described often as an economic trend that apparently no-one can avoid or contain, and is identified blithely by many experts and normal citizens as indicative of progress. The logical response to this imagery is that



everyone should try to anticipate any changes and make the proper adjustments. Such a limited and pessimistic reaction might be expected, as persons scramble to preserve their assets and survive.

Almost everyone, however, recognizes that something has gone awry. In point of fact, calls are coming from many parts of society that fairness and justice are absent from economic relations. In many respects, the economy has become an abstraction, with persons transformed into statistics about profit and loss or job creation. And consistent with this description, predictions about the future are devoid of compassion or any other emotions. The harsh fact is simply relayed that bad times are ahead and may last for quite a long time.

Yet along with this imagery is another that is equally compelling. Stated simply, persons want change! The Obama presidency, for example, was launched on this theme, and his supporters were hoping for a dramatic turn of events subsequent to his election (Wise, 2009). They want economic vitality to be restored, along with a sense of fairness, so that their dreams and those of their children might be realized. Furthermore, protesters around the world chant that another world is both needed and possible. At the core of this alternative scenario, however, is the assumption that persons can control their lives, including the economy. In other words, more humane and equitable relations cannot be blocked forever by the current and failing economic system.

This alternative outlook is premised on the idea that persons are not essentially alienated or estranged from their institutions. Such a condition is temporary, caused by specific theoretical and practical factors, and can be changed through their efforts. But even progressives, who acknowledge readily the shortcomings of today's economy, sometimes offer a muddled vision. That is, interventions are proposed that are designed to coax the economy back onto a more productive track (Krugman, 2009). Although the economy is still a juggernaut, some adjustments can be made at the margins that may aid the poorest classes of persons. In the end, these mavens explain, markets are necessary and have to be appeased.

But such changes are going to be minimal, almost by definition, while control over the economy is sidetracked. In effect, before an economy can be responsive to the citizenry, the perceived autonomy of this institution must be challenged. In this way, so-called economic realities will not dictate policies and behaviors, but rather the ambitions of workers and other participants. Only through such a fundamental and, in some ways, drastic maneuver can the economy be understood to be under the control of these persons.

But the question remains: What has contributed to this belief in the abstract character of the economy? The usual answer includes mention of a powerful ideology that creates this image, along with a corrupt political system. Nonetheless, even if an ideology is ominous and crudely political, the reasoning that is invoked to regulate society must make sense. In other words, power and manipulation are not sufficient to sustain the autonomy of an economy. There is something deeper that makes claims about autonomy seem feasible, or such ideas will have little legitimacy, even in the face of chicanery or coercion.

In order to facilitate control of the economy, a successful proposal must go beyond the usual factors, such as ideology or undue influence, and explore the basic logic of autonomy. Foucault (1989: 33) referred to this important backdrop as the “discursive formation” that provides a phenomenon with meaning and legitimacy. Such an investigation might be referred to as foundational, or as Foucault writes “archaeological,” since the basic rationale for autonomy is in question. Additionally, the justification for autonomy can be seriously revisited, so that the imperatives issued by the economy might lose their luster, if they are presented as reasonable.

In this regard, Marx (1967: 249-264) may be right about philosophy being at the core of any significant social change. What may be needed, but is often overlooked, is serious reflection on the principles that grant autonomy to institutions such as the economy. And once this philosophical base is confronted, the hold that this position has on social life can be reevaluated and, if need be, dismissed. Real alternatives can thus come into play, once persons are able to reflect critically and imagine the possibility of another world. In point of fact, nowadays the phrase “another world is possible” has gained visibility around the world. But before such a change is likely, the prospects of envisioning and actually adopting an alternative must be improved.

## **PHILOSOPHY AND THE ECONOMY**

At the heart of the Western intellectual tradition is a trend contemporary critics, such as Emmanuel Levinas (1969), call first philosophy. Basically this perspective involves two important maneuvers. The first is that everyday existence is treated as an illusion and replete with errors. And second, anyone who expects to discover truth, reason, or beauty, for example, must escape from this situation. Traditional philosophers, accordingly, have proposed ways to accomplish this task; in general, philosophy has been a vehicle to achieve

this goal of discovering a foundation untrammelled by quotidian concerns that distract persons.

What they have proposed—ranging from Plato to modern scientists—is some version of dualism. In other words, the notion is advanced that the world can be divided neatly into foundational and frivolous elements, essentials and accidents, or facts and opinions. Put in more modern or Cartesian terms, subjective factors are separated from those that are objective, with the latter granted the power to correct and dominate the former.

What dualism begins is a process whereby persons lose control of their surroundings. Since the human element is treated as subjective, this component is reduced in importance and overlooked as a viable source of knowledge or morality. Furthermore, everyone is expected to covet the standards that are linked to objectivity. As a result, human action is diminished and assumed to be a liability. Humans are emotional and opinionated, for example, and hardly a reliable base of insight and must be controlled.

Dualism, additionally, opens the possibility for such control. Within this dualistic framework the space has been cleared to introduce the objective referents that can define and restrict behavior without any contingencies. Following from the schism between objectivity and subjectivity, the prospect exists to establish norms that are unaffected by bias or perspective (Morales, 2002: 1-34). These principles, accordingly, are universal and can reinforce order with little possibility for challenge, due to their basic attachment to objectivity.

The general result of this commitment to dualism is that knowledge and other elements, such as moral principles, can be safely sequestered in a place that defies human control. Along with objectivity, for example, institutions can be approached as if they are autonomous. They can be thought of as disconnected from human influence, and thus capable of confronting and intimidating persons. These organizations can be granted the status, accordingly, necessary to control persons and their interaction. In the language made famous by Emile Durkheim (1984: 82-85), institutions can begin to constitute a reality *sui generis* and occupy an ontological realm entirely different from and superior to persons, thereby making societal control seems feasible.

The result of this philosophical gambit is social realism, which assumes many forms (Stark, 1963: 1-13). But in general, the belief is that persons are expected to conform to the demands issued by institutions, since they embody objectivity and the associated reason. Behavior and policies are thus mostly pragmatic, or designed to support the prevailing political, economic, or

cultural reality. After all, these phenomena are autonomous and warrant recognition, due to the vital function they perform in society. That is, these institutions provide the bulwark against the onset of disorder linked traditionally to interpretation and diversity of opinion.

But in many respects, this realism epitomizes alienation. Marx provides important imagery to help define this term. When persons are alienated, writes Marx (1976: 42), institutions appear as if they are in a camera obscura and look up-side down. Products of human action, stated differently, are imagined to be autonomous and have a life of their own. Thus persons confront their creations as if they are foreign objects and can legitimately make demands. The results of human labor, for example, become a fetish, because of their ability to modify and improve human characteristics. Buying a certain car, for example, is advertised to increase sex appeal and improve a person's social life. And as Marx goes on to point out, when persons are alienated they proceed to buy the traits they want to possess; products, in this sense, begin to define their creators. In effect, persons are held in bondage by their possessions.

Within this theoretical context, natural autonomy can easily be attributed to the economy. Through education, the media, or the exercise of power, persons can be convinced easily that the economy is a system that no-one controls; the economy represents, in modern terms, a self-regulating system. This institution, indeed, represents the future of everyone and has a foundation that is commensurate with this responsibility. In fact, how could such an important institution be subject to the whims of any person or group? An institution as central to the survival of society as the economy cannot be jeopardized in this way.

But in the end, this institution becomes somewhat mysterious. For example, persons make plans based on economic trends, instead of their willingness to work or ideas. Furthermore, the skills and desires of workers cannot be put into action until the economic conditions are favorable. Hence the economy becomes an almost magical force that persons propitiate, so that they might survive another day. In reality, everyone waits until the economic signals indicate the beginning of another business cycle and the accompanying renewal of social relations, before any optimism is allowed to be expressed. As Marx once described this ritual, the weight of capital begins to stifle economic life and redefine the human spirit.

Transforming the economy into something abstract thus has legitimacy among many persons. In some circles, critics write that trying to control the economy would be harmful, and declare that such proposals should be

eschewed at all costs (Hayek, 1963). Such tinkering, they claim, would render the economy inefficient and destroy incentives and jobs. No-one should be so arrogant to think that the economy can be controlled by humans who, by their very nature, cannot be objective or balanced in their assessments. Persons, simply put, do not have the capacity or knowledge to accomplish such an immense task. In any event, persons relinquish control over a vital aspect of their lives when they invest the market with autonomy.

## **THE MARKET AND ALIENATION**

The centerpiece of the modern economy has been the market, in capitalist and well as many socialist societies. But since the onset of neo-liberalism, during the 1980s, this mechanism has been touted as the cure for a sick economy (Harvey, 2005). Specifically, a good dose of market discipline is cited regularly as a corrective for any ailment such as unemployment or inflation. In similar manner, the market is effective in identifying rapidly viable ideas or products better than any other means, and thus is effective in moving individuals or a society out of poverty.

This faith in the market is derived from the belief that this device is rational and fair (Hinkelammert, 1991). If kept divorced from politics and other sources of biases, the assumption is that successful competitors will emerge regularly from this arena. The most qualified persons, for example, will gradually fill the most important jobs, while products that lack support will fade away. Indeed, no-one is expected to interfere in this winnowing process, or risk skewing unfavorably the outcomes and inviting economic chaos.

Clearly the market has benefitted from the space cleared by first philosophy. Similar to Plato's Ideas, this mechanism has been granted an exalted position and the associated idealized characteristics. Whereas persons are emotional and biased, for example, the market is reliable and objective. In this regard, Harvey Cox (1999) noted that the market has acquired the status once reserved for God. This device transcends human contingency and renders decisions in a manner reserved only for a sage or a soothsayer.

Consequently, many persons have begun to idolize the market. They attribute traits to this mechanism that they do not possess, and try to anticipate how the market is going to perform (Fromm, 2005: 97). Hence economic forecasting becomes the motor of the economy, rather than a desire to work or creativity. Those who can predict with accuracy whether the market will rise

or fall hold the keys to the future of a society. Bets that are placed on the performance of the market have come to support entire sectors of the economy.

The market, as described by several writers associated with the Departamento Ecuménico de Investigaciones, expresses a “sprit of empire” (Míguez, Rieger, and Sung, 2009). Their point is that the market represents a transcendental concept that sets the stage for all other evaluations. And consistent with dualism, this devise transcends history and context, and controls the remaining contingent elements of social life. The mission of the market, in this regard, is to coordinate and, in many ways, homogenize daily existence. While employing a universal mode of calculation, every aspect of society is given a relative value and position. Exchange is thus unencumbered by competing values or beliefs, while a cohesive reality is established.

The market value of a product, calculated under very specific conditions, determines whether a medicine is available or persons have food. Although economic factors are social—such as modes of production, labor relations, and accounting rules—they are reified and escape from critique (Marx, 1973: 107-108). As a result, only certain outcomes are rational or possible. And any demands for change are treated as fantasy if they ignore this reality. Moral claims are thus often eclipsed by the rationality of the market. For example, persons starve, even when food is readily available, while medicine is not distributed because of profit requirements and other so-called economic realities proclaimed by professional economists and consultants.

Although this description of reification is indicative of alienation, the market is not thought typically to be a cause of this malady. Indeed, how can rationality produce alienation? Reason is universal and incorporates everyone; reason is a primordial and unifying force. Nonetheless, behind the façade of reason and fairness lurks the inability of persons to control their economic lives. The market, in effect, has succumbed to first philosophy and is transformed into something autonomous and foreign. Despite talk about persons pursuing their own interests, acting freely, and competing with one another, they operate within a framework that issues imperatives. Consequently, they choose among prescribed alternatives and do not dare question the logic that is operative, if they want to be seen as rational and credible. This culture of the market, in this regard, can become quite restrictive.

At first glance, the rhetoric of the market is quite radical. Proposals or products are supposed to be tested, rather than accepted blindly on the recommendations or orders of authorities; indeed, the market represents a

space that is accessible to everyone. But associated with this device are economic principles, business relations, and accumulated power that are assumed to be valid and beyond legitimate inquiry. In this sense, persons are correct to think that the market holds their economic future, since this mechanism symbolizes an entire social system. Accordingly, the implied message, which they are expected to internalize, is that everyone must adapt to this general outlook or risk serious censure. In effect, the market comes to embody a much larger system of rules, relationships, and institutions that are portrayed as natural and part of any functioning and expanding economy.

In this case, persons are not necessarily alienated because of the brute use of power. But as Bourdieu (1992: 168) describes, they participate in provoking their own misery, due to their acceptance of the market. Stated simply, they “misrecognize” or misjudge their relationship to this institution and the related economic system. After all, this mechanism avoids politics and other mundane distractions and should have universal appeal. Almost by definition, reason is something that all normal persons should accept. The lure of the market, accordingly, should have widespread acceptance, since everyone is presumed to have an equal opportunity for success at the marketplace. But concealed by such claims about rationality and universality is a philosophy that grants the market autonomy and hides an economic system that may not be predicated on pluralism and universal and meaningful access to important institutions.

## **RADICAL REFLECTION AND CHANGE**

In order to end alienation, persons must be able to retrieve the economy. The assumption is that at one time they controlled their creations, but this connection has been lost or, at least, seriously compromised. Due to the persistence of first philosophy, along with the aid of propaganda and displays of power, persons have been socialized into accepting that their intuitions, including the economy, are autonomous. And this perception will not be corrected without profound or radical reflection.

Because of first philosophy, persons believe that they must confront reality; they must relent in the face of objectivity. And until the gap is closed between human actions and their products, alienation will continue to be a common complaint. This chasm can be traversed, according to a host of philosophers, only by revealing dualism to be a chimera. But such reflection requires a thorough break with the Western tradition that rests on this

foundational principle. In short, persons must be able to redefine the human condition in an entirely new way.

At this juncture is where *praxis*, or human action, becomes central to this effort. Within a dualistic framework, *praxis* confronts social reality and is frustrated. As Marx discussed in several places, the idea becomes clear that persons make reality under conditions that no-one chooses. The market, accordingly, is able to supply a context that defines social and cultural possibilities, even though this apparatus is envisioned typically to be neutral in economic affairs. In order to reverse this trend, human action must be liberated from these confines and granted the latitude necessary to remake social and economic conditions.

As indicated by Marx, such a reversal requires that *praxis* become radical. What he means is that human action must reach the root of any phenomenon (Marx, 1967). As radical—derived from the Latin *radix*—*praxis* ignores dualism and becomes inextricably linked to reality. As a result, reality is no longer autonomous but influenced significantly by the human presence. Rather than reflecting reality, *praxis* is understood to intervene in and shape every aspect of the world—everything that is known is mediated thoroughly by human action.

More modern writers, such as existentialists, use the term authentic to describe non-dualistic *praxis* (Heidegger, 1962). These actions are authentic because they are self-determined, rather than justified by factors that are touted to exist *sui generis*. Authentic action, in other words, brings human agency to fruition, and does not look to outside sources for legitimacy. A back side of *praxis* does not exist where absolutes can reside in peace.

In fact, when human action is radical, and dualism is abandoned, there are no longer any autonomous elements. With *praxis* extending all the way down, as Stanley Fish (1989: 344-354) declares, the space required to establish autonomy is not available. The only option left, accordingly, is that human action must become self-legitimizing. To borrow from Sartre, in the absence of dualism, persons are condemned to make reality and provide their creations with meaning. There is literally no room available where illusions about autonomous realities can be protected and continue to delimit and intimidate human imagination.

In fact, contrary to the standard differentiation, imagination and reality are not separate. The result is that the social world, and the accompanying institutions, is infected with the spirit of uncertainty that leads to creativity. These organizations, in a manner of speaking, are the result of a play of factors, none of which is outside the control of human actors, which are



influenced by *praxis*. Hence imagination supports reality, instead of representing a font of irrationality and other unsavory drives that invite instability. In other words, imagination does not inherently pose a threat to institutions.

Of course, rumors can still circulate about the possibility of autonomy. And claims can be made from the highest authorities about the need for these absolutes to secure tranquility and social order. Nonetheless, the first philosophy has been challenged seriously that justifies these proposals. With dualism in question, even a powerful ideology that declares reality is immune to critique has little supporting rationale. In the end, there is no source of legitimacy for social order other than the debate that will likely ensue about the nature of correct behavior and how the future should be viewed.

The economy, accordingly, cannot avoid this conclusion. With the collapse of first philosophy the economy cannot be treated reasonably as something abstract. Likewise, the market is not the epitome of reason or fairness. The economy, instead, consists of nothing but humans who are attempting to exist by creating a style of life. But what at first might appear to be obvious is actually a startling revelation, given the usual abstract portrayal of the economy.

At the root of the market and other abstract images is a profound reality: the economy is the result of persons working together to create a livable world. But this nexus of human activity is obscured by market predictions, profitability statements, and statistics about stock performances. And although their *praxis* is at the base of the economy, the participation of most citizens in the process of planning seems marginal. Any significant reduction of alienation, however, will require that human action become central to shaping social life, including the economy.

Why the majority of persons reside on the periphery of the economy relates to their role in capitalism, the effects of ideology, and the pursuit of profit by elites, yet the philosophical rationale for their marginal status has been debunked. Additionally, various proposals have emerged that aim to introduce real human actors into the core of the economy. These strategies are often placed under the general heading of self-management (Soto, 1998). In many ways, this idea radicalizes every aspect of an economy, even though the surface characteristics of a workplace or other institutions may appear similar to the past. Stated simply, persons continue to work, but are able to define this process and the nature of all outcomes.

## PARTICIPATORY ECONOMICS

With *praxis* connected to its creations, the stage is set for the development of participatory economics (Albert and Hahnel, 1991). In the absence of dualism, autonomy is not necessarily a basic trait of institutions. The primary role of these organizations, additionally, is not the redirection or control of behavior, since the products of human action do not have the stature required to dominate persons in this manner.

Given the ubiquity of *praxis*, institutions take on a new life. Specifically noteworthy is that these organizations represent one perspective or another, and in reality often a clash of viewpoints. Furthermore, the norms that arise are the result of discourse, even though this interaction is regularly distorted by the power grabs that are rationalized by first philosophy. But even when a repressive institution is enacted, the necessary foundation is supplied by seriously compromised interaction. In this sense, all institutions, even the market, are comprised of nothing but negotiation, although serious inequities may exist. These shortcomings are simply an indication that *praxis* is not immune to distortion under certain historical or cultural conditions.

Instead of constraining *praxis*, institutions should be viewed as documenting a course of human action. In a manner of speaking, these organizations constitute habitual ways of solving problems or meeting needs, even though sedimentation sometimes occurs. But even in these cases, *praxis* is simply concealed rather than eliminated. So when alienation is present, this condition is not inevitable or natural and can be corrected. Alienation is an aberration, although this malady may have come to be accepted as normal by many persons. Accordingly, even in terrible situations, Marx tended to believe that correctives—in this case widespread revolution—were possible by those who were focused intently in instigating change.

Self-management is predicated on this sort of radical reflection and commitment. Initially this theory might seem to support simply the delegation of authority in an organization. Instead of concentrated in a single location, usually at the apex of a bureaucracy, power is dispersed throughout a business or school. But this portrayal misses the bigger picture, particularly how self-management attempts to end alienation. In short, such dispersal does not question the control of an organization. All of the power centers, both old and new, may remain part of an institution that is perceived to be autonomous. Although self-management usually results in a flat organization, widespread participation and control are of central importance.

If self-management is understood as decentralization, this philosophy does not advance much beyond the theories commonly referred to as humanistic management (Murphy, 2009). Similar to the proposals of Maslow or Herzberg, the cornerstone of the humanist tradition, workers would be made simply to feel more optimistic about their relationship to their workplace or some other organization, and little more. In fact, the issue of control of the workplace is not raised by these psychologists. Even more telling, they tend to believe that pursuing this theme extends beyond their purview.

But self-management has an entirely different intellectual pedigree. This philosophy is the product of a group of radical Marxists in Yugoslavia (Sher, 1977). Given their allegiance to the writings of the so-called Young Marx—the philosopher and humanist—they focus on the elimination of alienation from society, particularly the workplace. Consistent with Marx's position on the free association of workers, the aim of self-management is to create institutions that permit the open expression of *praxis*, which they contend has been diminished greatly by both capitalism and the style of Marxism pursued by Stalin and the Soviet Union.

The control of organizations is obviously central to this pursuit. In a self-managed organization, accordingly, persons are perceived to establish this enterprise from the ground-up. No aspect of social life escapes from the influence of *praxis*, and thus the entire design of a society is in the hands of the citizenry, rather than any special group. In Marxist parlance, the stage is set for alienation to be banished from society. Persons can thus establish fully human organizational relationships and control all of the necessary changes (Houtart, 2000). Hence human activity can be exhibited in the manner that Marx envisioned would be possible in a society where all persons participate, directly and collectively, in creating their institutions.

But such change does not occur overnight. The reality is that most workers do not have the skills necessary to direct an organization, due to their historical and systematic exclusion from this process. Therefore, a lot of resources and training must be provided, so that they can participate in a meaningful way in the operation of their institutions. In fact, subsequent to the general adoption of this philosophy, the Yugoslavs spent almost fifteen years providing the education and other elements that workers require in order to be capable of building an organization. Such an effort, in this sense, requires a significant and long-term commitment.

Through such training the idea is accepted gradually that organizations are neither abstract nor autonomous. In effect, four themes become prominent. The first is that no aspect of society constitutes a system. Such imagery

distorts the reality that organizations are constructed by persons to meet their needs. Instead of fulfilling the mandates of a system, workers are now free to produce and consume according to their own schedule. The notion of systemic imperatives becomes passé and a poor justification for norms or policies.

And because dualism is undermined by self-management, the foundations imparted by first philosophy lose credibility. Therefore, second, no basic rationality is available to differentiate any longer reality from illusion. Accordingly, what is possible for a society cannot be specified beforehand by the introduction of a baseline adopted uncritically as universal. So-called basics, accordingly, may arise only after they are sanctioned through *praxis*; these basics arrive through collective dialogue. In short, no basics exist *sui generis*! Even human nature, the usual explanation of last resort for almost anything, is now exposed to be a social invention and hardly a universal rationale for behavior or institutions.

Change, therefore, can move in any direction. This point is reinforced by the third theme. That is, there are no foundational resources, such as ideas, personal traits or capital, which can specify how change must proceed. For example, many novel ideas exist, and emerge from every sectors of society or organization, and thus development should not have preconceived parameters. As Marx once pointed out, in a progressive society any capital accumulated from the past, and skillfully shielded from critique, should not be allowed to impinge on workers and restrict their possibilities. Any so-called necessities, accordingly, are imposed by persons, rather than nature or some other ethereal source.

And fourth, the justification for natural and restricted associations is removed. Specifically important is that persons are not presumed to have predetermined roles in an organization. For example, leaders should not be treated as if they are categorically distinct from the remainder of persons, due to unique psychological, personality, or other traits. Such essentialist beliefs lose their lure in the absence of first philosophy, since human characteristics are subject to redefinition. Accordingly, the acceptable range of social arrangements is not limited *a priori*. Equitable social relationships, for example, that are often dismissed as utopian and impossible can now be treated as feasible, and worthy of serious attention.

In this sense, self-management removes barriers that have prevented persons from controlling their institutions and interacting in novel ways. Without the aid of first philosophy, the foundations and related basics that have been introduced often to justify the status quo are revealed to be the

product of *praxis* and mutable. Any change, accordingly, can be controlled by persons and follows from their actions and collective and critical assent.

## ECONOMIC DEMOCRACY

In addition to restoring control of the economy to workers, another goal of self-management is to democratize institutions (Soto, 1988: 112-120). Different from the past, these organizations are not treated as foundational and exempt from critique. But liberation from institutional constraint, within the context of this novel philosophy, does not represent simply an opportunity to pursue unfettered personal interests. Such a result would not advance beyond the irresponsible freedom available at the market and supported by Social Darwinists and their neo-liberal acolytes. And self-management theorists do not promote such a fragmented image of social relations.

With dualism dismantled, the first change announced by self-management with respect to democracy is that persons are not atoms; the schism thought typically to exist between persons is not sustainable. In contrast to the “marketing character” described by Fromm (1976: 147), persons are not isolates that have basically no connection or obligation to others—while acting solely for personal gain and advancement—and thus are expected to exhibit social solidarity. Described differently, persons are understood to share a common space and fate that illustrates how closely their lives and futures are intertwined. The central message is that every aspect of social life is a collective affair, including the economy, because everyone is part of a broadly conceived human community.

In this regard, Stojanović (1973: 121) proclaims that self-managed enterprises are “integral.” His point is that persons exist together, and thus institutions are communities, while every component of these organizations occupies a similar ontological level. Any social arrangement that is produced, such as a specific division of labor, is optional and available for revision, since all associations are horizontal and none is given primacy *a priori* over other possible renditions. Integral, or lateral, relationships do not impose organizational strictures supported by realism.

Obviously a different ethic is operative than is the case at the marketplace, where every action is disinterested, calculated, and inward looking. As opposed to the Social Darwinism of the market, persons are expected to respect and support one another, rather than seek personal gain at practically all costs. Through mutual interest and consultation, they pursue collectively

established ends. All proposals that might arise, in other words, are evaluated in terms of this essential connection between persons. Unlimited freedom—a myth perpetuated by the market—has no value in this communal setting.

In a self-managed organization workers are assumed to unite as free and equal producers. The goal of work, accordingly, is to meet both their individual and collective needs. In fact, these two dimensions are no longer understood to be rivals (Espinoza, 1976: 18). The economy is thus based on maintaining human dignity and fostering social harmony. The underlying theme in self-management is to advance the entire population, instead of a particular social class, by putting all persons in control of the economy.

The second important theme related to democratization is that no-one is restricted with respect to participating in this community. Without the assistance of dualism, and the accompanying essentialism, neither persons nor their ideas are judged prior to interaction and possibly marginalized. A wide range of proposals can thus be introduced, without the reductionism that is experienced when new ideas are filtered through an unquestioned and incompatible perspective. Every viewpoint is therefore expected to receive a fair reading. At the heart of self-management is the creation of institutions that are multivalent and embody the perspectives present in a community, due to the goal of enabling *praxis* to flourish.

Within the framework supplied by self-management, democratization does not refer simply to individuals and the realization of their personal ambitions. Their interaction, instead, is the focus of attention, along with promoting the conditions that lead to inclusion and equitable treatment. Self-management, accordingly, extends the debate over the nature of democratic relations to encompass institutionalized barriers to involvement, particularly in the economy, in order to undermine the possibility of domination occurring through any means. True democratic action is not expected to foster or result in the marginalization of persons but greater Inclusion.

According to the philosophy of self-management, “the people” are in charge of the economy (Laclau, 2005). There is no strained relationship proposed between structural necessities and human action that might inhibit democratic initiatives. Likewise, workers are not understood merely to inhabit organizations that are believed to have their own personality or directives. Nothing is autonomous that justifies the designation structural; in this sense, there is nothing structural about any organization, including the economy. As suggested throughout this discussion, subservience to institutions is no longer justified. Through mutual affirmation the people decide, while using information unrestricted *a priori*, the direction of their institutions. In this

sense, self-management is an example of self-legislation, since there is no higher appeal than to the people with respect to assessing the validity of a policy or practice.

In this context of democracy, self-management does not necessarily try to merely increase participation in the economy, for example, but to reveal that persons are their institutions (Sher, 1877: 117-119). The usual distinction between the private and public thus collapses, since all behavior takes place in an existential sphere where everyone resides. The purpose of democracy, therefore, is to expose and strengthen the implied bonds between persons, so that no-one is excluded from or dominated by social organizations such as the economy. In a manner of speaking, the overall result of this maneuver is that all actions are public, but are not part of an undifferentiated mass that is autonomous. Rather unique persons exist face-to-face and forge a common fate. In a self-managed economy this community of actors is palpable and sovereign.

## CONCLUSION

The basic idea presented in this chapter is that the economy is not something abstract. The market, for example, is not an autonomous mechanism that unifies persons who are fundamentally unrelated. This imagery is supported by first philosophy that, in many intellectual circles, has lost creditability (Murphy, 1989: 1-18). The economy, accordingly, is nothing more than various persons who collaborate to survive and plan for the future. The ideological character of the market is thus exposed for everyone to understand.

Hence the economy should not be viewed as driven by abstract forces, such as human drives, long-term trends, or structural changes. When this outlook is adopted, the tail is imagined to be wagging the dog, so to speak. In reality, human *praxis* defines the parameters and purpose of economic life, although this source may be obscured by many factors. But underneath the politics and all of the esoteric economic formulas is a human element that sustains an economy.

So when critics mock the idea of a post-market society, the idea is not to resurrect some type of obsolete barter system or something equally retrograde. The point is not necessarily to revert to a simpler time, devoid of any of the intrusive technology associated with modernity. The key, instead, is that institutions can be conceptualized anew and without the usual abstractions,

which culminate in severing the economy from the control of persons. Subsequent to this maneuver, they are no longer trapped within a framework that dictates the nature of economic relations; they are free, in other words, to make themselves.

A practical form of this change in philosophy is the breakthrough to horizontalism (Sitrin, 2006). Although this movement originates from the Left, the typical language referring to Party leadership and vertical management is missing. Instead terms such as protagonism, recuperation, contamination, and networks are quite common. In places such as Argentina, in the face of economic disaster, common persons have summoned the courage to take over, or recuperate, the key institutions of this society. As is often said, they have begun to infect the entire social fabric. Basic to horizontalism is that a new culture can be established where persons work as a community to define prosperity and meet this goal. Institutional autonomy, in the sense of estrangement, is dismissed as irrelevant when trying to establish responsible institutions founded on this sort of solidarity.

Another example of this strategy is found in Venezuela nowadays with Chavez's commitment to *socialism del siglo XXI* (Lebowitz, 2006). The essential component of this project is that the masses are encouraged to participate directly in the decisions that affect their lives. In contrast to statism, or the model adopted by the Soviet Union, the basic idea is that persons are not atoms, and thus do not need some sort of higher principle, such as the government, to organize either society or any institution. The workplace, accordingly, constitutes a community predicated on interpersonal solidarity and not an organizational ideal. As a result, hierarchy is replaced an integral division of labor—"balanced job complexes"—that the workers create.

How persons want to organize themselves is now their decision, rather than the outcome of market forces, economic rationality, or some other encrusted thesis. They are entirely justified in regulating themselves according to their own principles and desires. In this way, past theories or decisions are not procrustean; a new economic reality, furthermore, is not necessarily an anomaly that warrants automatically derision.

But what should not be lost in this new found freedom is that institutions, such as the market, have a collective character. In this regard, a myriad of individuals who pursue simply their own interests does not constitute an economy. Rather, persons who produce in concert with one another are at the root of economic life. The central question is, accordingly, what are the conditions under which production, consumption, savings, and so forth take place? And essential to successful self-management is that real persons,



through regular, mutual consultations, are free to determine the context, nature, and future of these activities, without fear of transgressing so-called economic realities and having to take seriously the accompanying reprisals from technical experts or elite social classes. Now the future and any critiques are in the hands of those who participate directly and meaningfully in establishing economic reality.

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## *Chapter 11*

# CONCLUSION

*John W. Murphy<sup>1</sup> and Karen A. Callaghan<sup>2</sup>*

<sup>1</sup>University of Miami, Coral Gables, FL 33124, USA

<sup>2</sup> Barry University, Miami Shores, FL 33161, USA

Most persons believe that without markets an economy cannot function. Their point is that deprived of this device economic life becomes too abstract, while output tends to falter. Planning and execution, stated simply, are insensitive to actual demands and ineffective. The general idea is that the desires of “consumers” are overlooked in favor of an economic plan based solely on ideology.

This critique, of course, is directed mostly at socialism. If planning is undertaken by the state in the name of the people, instead of guided by markets, a society is on the road to serfdom. At least this is the scenario portrayed by Hayek (1944). Persons, in other words, are crushed eventually by a system that stifles initiative, fosters dependency, and propels a society downward. The implication is that a rebellion is inevitable, once this decline is underway. The not so subtle message is that the will of the people cannot be denied forever.

An important theme of this book is that a similar fate may await market societies. Due to the metaphysics of the market, an abstraction has come to dominate the economic scene (Hinkelammert, 1995). But because the centerpiece of this outlook is the individual, and the pursuit of personal gain, this domination is difficult for many persons to detect or believe. At least in

theory, persons are sacrosanct. Nonetheless, the end is familiar: the people are eclipsed by an abstraction and gradually they lose faith in the economy.

Because of dualism, the market is equated with objectivity and reason. Persons, on the other hand, are treated as subjective, mostly emotional, and incapable of really guiding the economy. This objective “system”, accordingly, outlines the parameters of the economic reality and specifies how needs should be satisfied. A lot of money is spent, in fact, defining acceptable options and channeling the desires of persons into socially appropriate means. Eventually the result is that they give merely their assent to the resulting economy.

Rather than something exotic or strange, the basic premise of a post-market society is the reintroduction of persons into the core of the economy. Contrary to economic forecasting, for example, this activity cannot even maintain the pretense of neutrality. Indeed, there are political implications associated with this maneuver. The economy must be democratized, for example, way beyond the minor interventions proposed by Keynes or Rawls. Rather than simply insuring a continuous flow of investment, or in the case of Rawls the presence of social ideals, the economy must be conceptualized in the most inclusive manner possible. Such a transformation is feasible in a post-market society, because the economy, like every other institution, is conceived as a mode of discourse.

In a post-market society, the economy is not masked by abstractions. Structural metaphors, for example, are not used to describe how persons interact and order is maintained. The economic reality, instead, is envisioned to be the product of discourses that are fluid, multi-valent, and never exhausted. Any economic arrangement, accordingly, is tenuous and subject to modification. But in order for this interaction to continue, in an equitable manner, barriers to inclusion must be eliminated. Class privileges or other advantages, for example, must not be allowed to affect the participation of persons. Obviously those who have benefitted from the prevailing conditions will not advocate a change in perspective and may even claim any alteration represents the road to hell.

As a mode of discourse, nonetheless, persons give direction to the economy. Their production capacity as human beings, rather than any diminished condition, determines what is economically possible. In other words, there are no a priori related to materials, intelligence, or motivation, for example, that restrict what persons are capable of doing. In reality, many of the traditionally conceived limitations are biases imposed to support the status quo and protect the economic benefits of some powerful groups. In fact, the

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only true *a priori* is human action that creates these phenomena and gives them their significance.

This post-market outlook is predicated on the simple principle that human action reveals and brings economic possibilities to fruition, rather than institutionalized theories and practices. The economy, in this sense, is existential rather than structural and is often described in a manner indicative of “bad faith”, whereby possibilities are treated as necessities (Sartre, 1964). This hasty conclusion, despite claims made about the natural rate of interest or unemployment, supplies a description of society that is reified. At the end of the day, persons create themselves and their relationships without any guarantees. And to grant the economy autonomy, simply put, is an act of bad faith. In this way, so-called structural deterrents, explanations, or limitations that may be present are mythological.

In a post-market world the mythology about autonomous and abstract mechanisms of economic control and order is exposed and the real nature of the economy is revealed. That is, economic life represents persons trying to survive. In this regard, claims about natural propensities or organizational realities are accoutrements that can be brushed aside (Lebowitz, 2003). But what cannot be ignored any longer, without serious repercussions, is the co-action or collective effort that keeps persons alive. To bury these activities under obscure notions, such as the market, is nothing less than a tragedy.

As a result of their vital roles, all persons deserve to participate in and control every aspect of the economy. In other words, they deserve the dignity that their efforts warrant. Specifically important, they should manage what their ingenuity and effort have harvested without any preconditions. According to this model, they negotiate with one other and receive what they need to flourish, within the plans that they collectively establish. And in this context, no-one is marginalized or depreciated.

When the old metaphysics is abandoned, the economy is revealed to be an existential and collective activity. And any attempt to hijack or skew this process in favor of a particular segment of society is illegitimate. In fact, such a conspiracy is anathema to the collective or public character of production and consumption. From where would such a right originate to impose a hierarchy that creates systematically social imbalance? The usual justifications are discredited for these arrangements, since the motor of the economy is no longer a unique class of persons who demand special rewards and exalted status.

Now the fundamental question relates to how these persons will organize the production process. But no matter how this activity proceeds, there is no

option that permits the erosion of the lives of select participants; stated differently, the diversity of lives and cultural expressions is an asset that should not be lost. Accordingly, there is a concrete baseline, set by all of the producers that everyone exceeds. Rather than a platitude that is bandied about—such as no-one is left behind—this guideline is built into the production and consumption plans. This amount, in other words, is not some residue that is handed out after the bulk of the rewards have been handed over to a select group. In the absence of this distributive maxim that, in effect, sustains a collective, conflict and impoverishment are inevitable that are destined to doom an economy.

The basic principle of this model is different from the past. Instead of beginning with the individual, and working outward to justify some connection between persons, the economy is recognized to be a group affair (Girardi, 1983). Simply put, persons are fundamentally connected and their cooperation is not a burden or obstacle to the actualization of anyone. The reality is that persons exist together and will prosper only through this understanding. A space is thus revealed that might be called the public, without invoking grand and powerful schemes such as the state.

But to be clear, the idea is not that the group takes precedence over the individual. This turn would simply place the individual in opposition to the collective and obscure the obvious connections between persons. At best altruism would come into play. In a post-market society, the usual schism between the person and the group is passé, a remnant of an outdated philosophy. In this new context, persons are thought to have a primordial bond, although at times this association has been distorted or hidden altogether. The market culture, in fact, provides an important example of where this link is diminished.

Following this theoretical maneuver, everything changes. Policies and practices are judged within an entirely different framework. Former dogmas related, for example, to how persons are motivated no longer seem as reasonable or appealing as they did in the past. A new reality is present where personal gain does not necessarily trump automatically every other principle. Additionally, themes that made little sense at the marketplace, such as social responsibility, can receive a fair reading.

In the end, a post-market world is predicated on solidarity. Issues related to equity and social justice, for example, are no longer ancillary to economic production and addressed only when crises spawn such reflection. Because the economy is viewed to constitute a collective undertaking, with real participants rather than *homo economicus*, the impact on social relations is a

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primary concern. Morals, in this sense, are no longer masked by economic models that are mistaken for social existence.

Nowadays a phrase has become quite popular that tries to capture this shift in orientation. Stated simply, people should come before profits! But in a post-market society this change is obvious. Profits are based on formulas that treat every component, including human or social factors, as a variable on a spreadsheet. How these variables are manipulated does not matter, as long as profits rise. In this sense, all calculations are purely abstract. In a post-market world, on the other hand, these variables are the result of human exchanges, and every process and all outcomes are judged against these relationships. In a word, people are the economy!

In many respects, nonetheless, the world is still dominated by the spirit of Descartes. As a result, persons are differentiated categorically from one another, while groups are anathema to individuals. Morality, accordingly, is something mostly ethereal that can possibly be infused into individuals. And consistent with this general philosophy, face-to-face discourse is not substantial enough to establish an institutional formation, including the economy. Likewise, this interpersonal association carries little weight as a moral principle. As should be noted, Cartesianism focuses on differentiation rather than integration.

A post-market world, accordingly, moves beyond the influence of Descartes. In this respect, some readers might conclude that this new orientation is postmodern. And such a conclusion would not be entirely false. But trying to establish a postmodern ethic has proven to be somewhat problematic, despite the relevance of Levinas and similar dialogical theorists (Bauman, 1993). At this juncture, therefore, the work of Jean Gebser may be helpful and easier to apply.

According to Gebser (1984) the world is not a system but a "systase." Whereas systems are abstract, contain different ontological levels, and impose order on their components, a systase is organized in terms of contrasts and direct comparisons; in other words, no abstract intermediaries are required to establish order. Described more socially, a post-market reality is a systase whereby persons strive to perfect their integration through their direct co-action. And through this action, the productive nature of their collective relationship is further revealed.

The point, accordingly, is to implant this vision at the core of all institutions, even the economy. In this way, integration will become a widely introduced and guiding principle of society. A post-market society will signal, in other words, that the collective pursuit of social well-being is more than an



afterthought but an expectation. And any theory or practice that interferes with this image is viewed with skepticism and seriously examined. Here lies the promise of a post-market ideal—a society that emphasizes integration based on the imagination of persons and equity.

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## LIST OF CONTRIBUTORS

**Arxer, Stephen F.** is Assistant Professor of Sociology at the University of North Texas at Dallas, Dallas, TX.

**Berdayer, Vicente** is Professor of Communication at Saint Mary's College, Notre Dame, IN.

**Callaghan, Karen A.** is Professor of Sociology and Dean of the College of Arts and Sciences at Barry University, Miami Shores, FL.

**Choi, Jung Min** is Associate Professor of Sociology at San Diego State University, San Diego, CA.

**Esposito, Luigi** is Associate Professor of Sociology at Barry University, Miami Shores, FL.

**Lodge, Peter** is Professor of Sociology at Belmont Abbey College, Belmont, NC.

**Mickunas, Algis** is Professor Emeritus of Philosophy at Ohio University, Athens, OH.

**Murphy, John W.** is Professor of Sociology at the University of Miami, Coral Gables, FL.

**Semm, P. Tom** is Instructor of Sociology at San Diego State University, San Diego, CA.

**Van Lear, William** is Professor of Economics at Belmont Abbey College, Belmont, NC.

**Vera, Hernán** is Professor Emeritus of Sociology at the University of Florida, Gainesville, FL.

**Walton, Andrew** is a Teaching Fellow at University College London, London, UK.



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