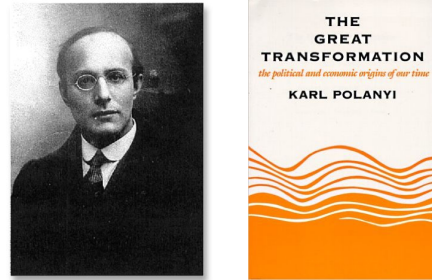


Case against the market

1

The face of the left today?



2

Polanyi's critique of market society

- Markets not natural
- Economics "embedded" in social relations
 - Not anonymous & solely for profit
- Characteristics of pre-market society
 - Reciprocity: obligations to each other
 - Redistribution: provision for everyone
 - Householding: production for use not profit

3

Origins of markets

- States violently create markets
- Enclosure Acts in England: common land privatized and given to specific owners
- Peasants become wage laborers in factories
- Speenhamland: wage supplements to alleviate rural poverty => but claimed to induce laziness
- New Poor Law: workhouses for poor w/ bad conditions (cf., Oliver Twist)

4

Double movement

- Extension of market leads to reaction – attempt to re-embed markets in society
- Enclosures => Luddites, Speenhamland
- New Poor Laws => trade union movement
- Great Depression => fascism & communism
- Neoliberalism => Occupy, Gilets Jaunes
- Neoliberalism => Trump, AfD, populists (appeal to protection)

5

A current Polanyian

- James Medlock, pseudonymous Twitter philosopher (Polanyi is his avatar)
- "Medlock has thrilled people with his relentless calm and the power of his simple message. That message is that people simply need more money, and we know how to get it to them: Universal programs, higher taxes, and stronger unions."
- An interview on Noah Smith's substack

6

And another

- Mike Konczal, Freedom from the Market
- Konczal's fundamental claim is that people who attribute freedom to markets miss out on much of the story. Equally important is a notion of freedom *from* markets, "rooted in public programs that genuinely serve people and check market dependency."
- Henry Farrell review on crookedtimber.org.

7

One more

- David Graeber, Bullsh-t jobs
 - Flunkies: make superiors feel important
 - Goons: harm or deceive others
 - Duct tapers: temporary fixes to problems
 - Box tickers: create appearance of action
 - Taskmasters: create extra work for others
- What sort of job is fulfilling? Do you expect one?

8

Objections to Polanyi

- What is natural?
- Is natural better?
- Tragedy of commons
- What to do? How to re-embed?
- Can we trust government to fix?
- What if cost in growth?

9

Other arguments against markets

- Create inequalities in income/wealth
- Economic inequality => political inequality
- State needed to spur growth
- Market failures (externalities, public goods)
- Self-destruction thesis

10

Debate: Universal basic income

- Should we have a universal basic income – all citizens receive some amount of money every month?
- Details: How much? Who gets? What happens to other programs?

11

Arguments

For UBI

- Human right
- Fairness
- Less bureaucracy
- Less workplace abuse
- Encourage risk-taking & innovation
- Health benefits

Against UBI

- Moral hazard – less work
- Expense
- Tax burden – less investment & growth
- Money to non-deserving
- Importance of work for dignity, happiness?
- Not needed in many societies

12

UBI – In favor

- A fundamental human right
- More efficient than current welfare state w/ large bureaucracy
- May encourage entrepreneurship & risk-taking => more innovation, growth
- Benefits for health
- A better workplace – eg, less harassment

13

UBI - Against

- Can be extremely expensive
- Disincentivizes work, induces laziness
- Work is central to human dignity
- Money goes to non-deserving
- Most people lead decent lives without UBI
- Is it politically stable? Will it constantly increase?

14

Discussion questions

15

Market society

- Is market behavior natural? Polanyi claims that seeking profits and selling one's labor for a wage as we do today is historically unprecedented or at least unusual. Does this seem right to you?
- Are the ideas of reciprocity, redistribution, and householding more natural?

16

Double movement

- Polanyi famously describes a double movement where the expansion of the market economy leads to a reaction. People want to restore protections after being exposed to the market. This reaction can be both from the left (something like communism) or from the right (fascism).
- Are we in the midst of a Polanyian double movement today? What sort of movement is it? What is the evidence that it is a reaction to the market rather than a reaction to something else (say, immigrants, minorities, women)?

17

Polanyi's utopia?

- Polanyi doesn't really describe what his ideal society would look like or how we get there. Given his analysis, what sort of policies do you think he would support?
- Would he want us to go back to preindustrial or hunter-gatherer social organization? Or is there some middle ground? Would you prefer to live in that sort of society? What if it is at the cost of a lot of our wealth?

18

Polanyi or Marx?

- Many classes about the Politics of Capitalism would feature the work of Karl Marx. I decided instead to focus on Polanyi because I thought he was more relevant to our current world.
- Was I wrong to make this choice? If you think I should have focused more on Marx, tell me why. What would Marx add to our discussion of the Case Against the Market?

19

Degrowthers

- In the last class, I mentioned a group called Degrowthers. They argue that we need to stop global growth of GDP and redistribute the resources we do have.
- Are they right? Last time I claimed that economic growth was possibly the most important thing for human flourishing. Was I wrong? Why and how?

20

Gamestop

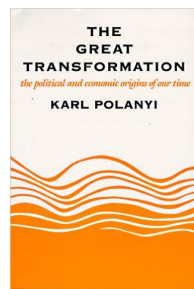
- Hedge funds trying to short the stock of Gamestop – ie, bet on its price going down
- Daytrading supporters on Reddit decide to stop them by bidding up the price of the stock
- Causes large losses for hedge funds and large profits for daytraders
- Trading ultimately halted on many apps
- Is there something Polanyian here? Or not?

21

The case against the market

22

Karl Polanyi



23

Are markets natural?

- Polanyi: Prior to Industrial Revolution no purely self-regulating market where labor turned into commodity
- Markets always subordinate to society or embedded in society
 - No work for remuneration – wage labor
 - People motivated by social status or honor, not material goods and gain

24

Adam Smith on origins of money

- Natural propensity to truck, trade, and barter
- Barter requires double coincidence of wants
 - I have what you need and you have what I need
- But this is very inconvenient
- Money emerges to speed up these exchanges
 - I can give you what you need for money
 - Then use that money to get what I need from someone else

25

But maybe not historically accurate

- Barter very rare in primitive societies
- Instead, people engage in generalized exchange.
 - If you need X, Fred will give you X, but you (or someone else) has to help Fred sometime later. Thus, most groups engage in a debt economy, not a direct trade economy.
- Therefore money not a solution to problem of barter

26

Graeber: Debt, the first 5000 years

- “Human economies” as social institutions where people are unique and strongly embedded in a web of social relations.
- People in human economies become dominated when come into contact with commercial economies.
 - People participate in spiraling debt traps, which often end up with people pawning themselves and their families in order to seek status, or to pay off “debts”

27

Polanyi’s principles of pre-market society

- Reciprocity: obligations and duties to each other including generosity
- Redistribution: economic product centralized and guaranteed to all
- Householding: production for own use more than production for gain

28

Market systems may not emerge naturally

- Economy is naturally “embedded” in society and culture
- Free markets are result of highly artificial stimulants administered which try to free market from society and make it self-regulating

29

Enclosures

- Former communal lands privatized
 - Previously members of community can use commons for grazing or mowing hay
 - Now rights to land are assigned to specific owners
- Enclosure Acts in late 18th and early 19th c.
- Leads to protests and creation of landless laborers: “Sheep eating men”

30

Speenhamland

- Wage supplements introduced in 1795 to alleviate rural poverty
 - Wages raised based on price of bread & family size
- Allows employers to pay low wages and difference made up by local government
- Opponents claim perverse result: encourages laziness and illegitimate births

31

New Poor Law of 1834

- Response to rising costs of Speenhamland
- Creates workhouses for the poor
 - Conditions in workhouses should be worse than worst conditions outside of them
 - Utilitarian logic – stigmatizing poverty and giving people an incentive to avoid it
- Discourage forms of relief from Speenhamland
- Leads to dissatisfaction, protest, Oliver Twist

32

Case against market society

- “Robbed of the protective covering of cultural institutions, human beings would perish from the effects of social exposure; they would die as the victims of acute social dislocation through vice, perversion, crime, and starvation. Nature would be reduced to its elements, neighborhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed.”

33

Double movement

- Extension of market leads to reaction – attempt to re-embed markets in society
 - Can be radical or reactionary
- Enclosures => protest & Speenhamland
- New poor laws => trade union movement
- Great depression => fascism & communism
- Neoliberalism => Occupy & Sanders, but also Trump and populists (appeals to protection)

34

Objections to Polanyi

35

Appeal to nature

- Naturalistic fallacy
 - N is natural
 - Therefore N is good or right
- Is it easy to define what is natural?
 - Human beings are innovative
 - Not clear if Polanyi correct that markets are artificial
- Are natural things better?
 - Violence is natural

36

Tragedy of commons

- If common resource has no owner with property rights, then people will overuse
 - Fishermen take too many fish
 - Common lands overgrazed
 - Common areas of dormitories?
- Standard economic solution: assign property rights to an owner
 - Alternatively regulation by government

37

Elinor Ostrom

- First female winner of Economics Nobel (also a political scientist)
- Argues that groups naturally find ways of solving common pool resource problems
 - Membership rules – who can take and who can't
 - Rules regulating how much you can take
 - Effective monitoring of use
- Studies actual groups that do this

38

How to create a Polanyian economy?

- Polanyi wants to “reembed” the economy in society or create a more moral economy
- Are we always doing this?
 - Sociologists on the moral aspects of markets
- What sort of policies would do this?
 - Higher taxes? Welfare state?
 - Workplace democracy? Debt holiday?
 - Organic, natural communities?

39

Political arguments against free market

- Economic inequality => political inequality
 - Wealthy destroy democracy (18th Brumaire)
- Politicians depend on business to provide jobs
 - Structural dependence of state on capital
- Rich control politicians through donations and bribes

40

Other objections to free market

- Market failures – externalities, monopolies, public goods, informational asymmetries
 - But don't forget government failures – need to compare real with real, not real with ideal
- Self-destruction thesis (Hirschman)
 - Loss of cooperation and work ethic
 - Loss of virtues: aristocratic, working class, Christian, aesthetic

41