

# Market Economies and Market Societies

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One would be hard pressed these days to find any defenders of the sort of full-blown economic planning characteristic of the late Soviet Union and other Communist states, and with good reason given their economic inefficiency. The departure from planning is, of course, celebrated by neo-liberal champions of capitalism. Critics of unbridled capitalism are less enthusiastic about the embrace of economic markets, which are correctly seen as promoting inequalities and objectionably competitive values.

A question put to themselves by the critics is whether a market economy will bring such socially undesirable consequences in its wake. This topic is often framed in language first employed by Karl Polanyi. He described a progression in the development of market mechanisms from the Industrial Revolution:

This institutional gadget, which became the dominant force in the economy—now justly described as a *market economy*—then gave rise to yet another, even more extreme development, namely as a whole society embedded in the mechanism of its own economy—a *market society*.<sup>1</sup>

The question is whether market economies *must* engender market societies.

In a “pieces of a puzzle” spirit, this paper approaches one dimension of this question. Recommendations about how to structure markets or to pursue market transactions to avoid a market society are not advanced. Nor are all arguments purporting to show that this is impossible addressed. In fact, for the most part the paper *avoids* the major argument to this conclusion, namely the philosophical-anthropological claim that market economies and market societies are alike rooted in an essentially competitive and acquisitive human nature. Similarly, the normative political argument that a non-market society unavoidably involves stifling bureaucracy or dictatorship is also not engaged.

In my view these are still the crucial claims to address, but both they and many counter claims are tangled up with some theses about the efficiency of market mechanisms. Since I think the efficiency arguments contain a grain of truth, interrogation of this dimension of the market economy/market society question will serve to caution against facile assertions that one can easily pry the two apart while probing spaces between them to facilitate such an undertaking.

### “Market Economy”

Let us begin with some definitions. This task confronts the vagueness and confusion of most textbook approaches even to the basic component of these conceptions, the notion of a market itself. Augustin Cournot set a dominant trend when, in a definition advanced in 1838, he associated markets with freedom: “. . . the whole of any region in which buyers and sellers are in such free intercourse with one another, that the prices of the same goods tend to equality easily and quickly.”<sup>2</sup>

I take this and other such definitions as ideologically loaded. The crucial component of markets is that they involve *exchanges* among individuals (or corporate individuals). Whether the exchanges are voluntarily entered into or the outcomes are in accord with the wills of participants is a question not of definition but of social-scientific explanation of why people engage in transactions and what consequences they have. Alternatively, the freedom of exchange definition is uninteresting, because trivial, implication of the fact that exchanges involve deliberate human actions. (When I deliberately stamp an envelope I may choose not to do this, but if I want my act to have the intended effect I must stamp it.) The ideological component of the textbook definitions is the association of markets with freedom generally and economic planning with unfreedom.

Focussing, then, on exchanges I take an economic market to be an arena of production and consumption of goods or services where exchanges among buyers and sellers determine the quantity and distribution of those units of production and consumption that are subject to the market. When the exchanges are mediated by money, they also determine (other things being equal) the units’ prices. As many theorists have pointed out, all forms of society, even in very early times, have included economic markets, though the scope of what is subject to market transactions has often been narrow. A *market economy*, therefore, is not simply an economy that includes a market. For this three additional components must be added.

Such an economy must, in the first instance, be marked by anonymity among exchanging buyers and sellers. This is a function of its scale. A market economy involves exchanges among countless numbers of people, such that even when they are face-to-face, as in a corner store, buyers and sellers may only know or care about each other in their capacities as agents of economic exchange. Moreover, many exchanges are not face-to-face. When I purchase something at a supermarket, I am not engaging in an exchange with the check-out person and likely not with a human person at all but with a corporate entity, the nature of which is entirely unknown to me.

A second essential characteristic pertains to the motives of exchanging agents. “It is not from the benevolence of the butcher, the brewer, or the baker,” Adam Smith famously observed, “that we expect our dinner, but from their regard to their own interest.”<sup>3</sup> In a market economy entrepreneurs produce or sell things to achieve a variety of aims (satisfaction in the exercise of entrepreneurial skills,

pride in their product, and so on) but among the aims is to realize profit, at least to cover costs, provide for themselves and their families, and maintain their enterprises. Similarly, consumers of goods and services look to save costs in acquiring them.

Unless possessed of indefinite wealth, producers, merchants, or customers unmotivated by profit-seeking or cost-saving considerations would find participation in anonymous market exchanges difficult if not impossible. I take it that competition is a pervasive feature of market economies in virtue of the motives of profit realization and cost savings and is not itself a primary motive. Although, due to operant conditioning, a thirst to compete may become a primary aim of some, as they come to be possessed of “trade-crazed brains” as Marx put it with respect to those in the bourgeoisie who supported military overthrow of the French Second Republic.<sup>4</sup>

The third characteristic of a market economy is its width of scope. Quantitatively, nearly all goods and services are subject to exchange in a market economy. Qualitatively, a market economy is one in which both elements of production, including land and labor as well as capital, and elements of consumption, including services, are subject to market exchange. In a pure market economy, there would be no exceptions, either by constraining government regulations or state-conducted production or distribution motivated by considerations of social need rather than profit or savings. Since no actual national economy is a pure market, a question arises about when non-market-driven state activities and institutions are so extensive that one can no longer talk of a market economy. For present purposes, it suffices to classify as market economies those where state intervention is undertaken in reaction to market exchanges by contrast with economies where market exchanges must find niches within spaces left open by state control of an economy.

### **“Market Society”**

A market society for Polanyi is one where “instead of the economy being embedded in social relations, social relations are embedded in the economy.”<sup>5</sup> This takes us some way toward characterizing a market society, but as it stands it is a metaphor rather than a definition. I see two ways to identify market societies. Polanyi’s approach is structural. For him a market economy has become a market society when all of land, labor, and capital are commodified.<sup>6</sup> A contrasting, cultural notion may be drawn from C. B. Macpherson’s discussions of market societies, which he sees as embodying possessive individualist values.

These two approaches are not incompatible. Polanyi regarded market societies as what Macpherson would later label possessive individualist, and Macpherson’s treatments of what he called a “possessive market society” combined structural and cultural elements.<sup>7</sup> In the rest of the paper I shall employ just the cultural notion. The reason for this is not because I think structures are causally independent of or subservient to culture (the paper remains mute on this

question), or that changes in the current structures of market economies are unnecessary for avoiding a market society (this topic will be returned to), but because it is when an economy has the effects on people's attitudes and values that Macpherson decried that it becomes objectionable.

Another way of putting this point is that the structural characterization too easily makes the case that market economies must be market societies. For Polanyi modern market economies and the societies within which they are located constitute single, complex structures, such that "a market economy can function only in a market society."<sup>8</sup> It may be that large-scale commodification of land, labor, and capital has been accompanied by a possessive individualist culture, but to show that this is inevitable, that about market commodification which has this result must be identified. If such a connection cannot be shown, then either a market society, structurally conceived, is innocuous, or the structures of market economies do not include those of market societies. In either case a main motive for wanting to avoid market societies is lost.

Drawing upon Macpherson, then, the components of a market society's culture may be identified as: selfishness, a fixation on private ownership, commodity fetishism, consumerism, and greed. Functioning together these constitute a culture of possessive individualism.

*Selfishness* means putting one's own well-being entirely above the well-being of others. As used here this is narrower than self-interest in a generic sense that recognizes other-regarding interests. By contrast, selfishness excludes any consideration for the interests of others even as side constraints on the pursuit of one's own. In a market society people place a very high value on possessing and respecting private property, in particular on its feature that people have a right to exclude others from the use of their property and a presumptive right to dispose of it as they please. *Fixation on property* means that a person's sense of self-worth is tied up with how much he or she privately owns and that among the things that people own are themselves. A result of these two elements is that in selling their ability to work for wages people are simultaneously exercising their self-ownership and turning over part of themselves to the ownership of others.

*Commodity fetishism* in a technical, Marxist sense means that the exchange values of commodities are regarded as inherent properties of them rather than as relational qualities of production and exchange. Polanyi sees this commodifying stance toward labor ("only another name for a human activity that goes with life itself") and land ("another name for nature") as the first and fatal step toward a market society.<sup>9</sup> In less technical senses, the phrase refers to the additional attitudes that the market value of a good not only inheres in it but is its most important characteristic (where, for example, people see themselves as living first in a piece of real estate and only secondarily in a home), and that virtually everything is a commodity or a potential commodity (everything has a price).

*Consumerism* is taken in the ordinary sense that people put an excessively high priority on acquiring consumer goods. In Macpherson's view it takes on the further meaning of a thirst for indefinite, indeed infinite, consumption, thus

shading into *greed*. There are limits on how many consumer goods one can use. It is doubtful that Imelda Marcos had even tried on all of the several thousand pairs of shoes she possessed. Indefinite consumption of goods is an unrealistic goal, but when combined with the commodifying attitude that sees things primarily in terms of their money value, the thirst for indefinite possession becomes an actual motivation in the form of greed for wealth. (When asked how much more wealth would be enough for him, J. D. Rockefeller is reported to have responded: "Just a bit more.")

### Information and Insecurity

On the philosophical-anthropological view earlier set aside, it is not hard to explain why market economies lead to dominant possessive individualist values, as these are expressions of human nature; rather, appeal to the values explains why there are market economies. The problematic task for theorists in this camp is to account for apparently *non*-possessive-individualist behavior, as in people's family and social lives or in premodern societies. Those who think this problem surmountable then argue that only a dream of indefinite riches can motivate entrepreneurship, and that any constraints on a free labor market will engender laziness. Such arguments need to be refuted and, despite confident assertions by those of a neo-liberal persuasion, I think it not difficult to do so, but this is not the task of the current exercise. Instead, I shall focus on the two features of a market economy that markets provide information and that they breed insecurity.

In a society where most transactions are face-to-face, market prices (when not set by tradition) can be directly negotiated. Large-scale and hence anonymous markets, however, admit of just two generic mechanisms for establishing the prices of goods, services, and the like: central command and individual market exchanges. Soviet-style plannification was an ambitious version of the first mechanism. No doubt it could have been improved by democratizing political institutions, but among its main failings was that even the best intentioned planners had to make highly unreliable estimates of consumer demand, or else political authorities tried to force the populace to conform to the packages of goods made available to them.

The alternative generic mechanism is the market, where consumers signal preferences by their willingness to pay varying amounts for alternative goods. The result is that, while by no means perfect, the distribution of goods (that is their availability and costs) is more efficient than in the planned economy, where in this context an economy is "efficient" to the extent that the allocation of goods is not wasteful. Waste occurs when goods are produced that people do not want or need, or when goods that are widely wanted or needed are priced above what most can afford, though the cost of production is not prohibitive. (Put in Paretan terms, as wasteful production is reduced, a Pareto improvement is achieved.)

The anonymity aspect of economic markets is directly implicated in their informational function, since information is especially difficult to come by in an

anonymous market. Also, that market transactions are motivated in a self-interested way is part of what allows them to yield information about consumer preferences. If very many were willing to pay more for goods than necessary, signals to producers and other consumers would be unreliable. The connection between the information function of markets and the wide scope of economic markets is more problematic. Things about which there is no doubt that they are highly valued by nearly everyone do not need to be subjected to market transactions in order for their values, that is, their use values, relative to other things to be known well enough to assign their provision a high priority without fear of wasteful investment.

Public outrage at attempts to commodify air and water reflects general understanding of their persisting and high use value independently of market indicators. Situations where a social service such as education, health care, or public transportation is entirely privatized but nobody opts to provide it as a commodity do not elicit public sentiment that the service must be of no value or, alternatively, resignation to do without it assuming that entrepreneurs believe there is too little demand. Rather, there is public pressure that in one way or another the service be provided. The tragedy of the commons would not be properly called a “tragedy” if it could not be known when the invisible hand of the market has failed to deliver goods of recognized value, or more precisely has delivered recognized bads, for example when market transactions among suburban developers and farm owners result in destructive sprawl.

Subordination of wages and salaries to markets sometimes yields *unreliable* information. While labor force *deployment* is probably more efficient when directly or indirectly sensitive to market demands, it is doubtful regarding *salary levels* that the enormous incomes of movie stars, professional athletes, and corporate executives by contrast with, for example, day care workers or corner store managers, is or is generally thought to be less wasteful than a more egalitarian allocation. The annual salary of \$8,200,000 for one player on the professional basketball team in my city—and not the highest paid—is perfectly explainable in market terms, as is the average day care worker’s salary of just under \$25,000. But when it is called to their attention (and forgetting that the player is a bench warmer and the team toward the bottom of the league), even the most avid sports fans realize that there is something skewed about this differential.

Still, market economies are characterized by expansion of the market into all domains. Part of the explanation for this is greed for profits, but I suggest that at a more primordial level expansion derives from insecurity or, more precisely, fear. Competition among producers and retailers promotes efficiency by prompting them to make and distribute things that people want and by keeping the costs of those things down—this is the key premise of free market economic theory. But at the same time, competitors must fear each other. Employment of wage labor with the omnipresent threat of dismissal keeps wages down, thus reducing this cost of production or distribution. Privatization of publicly needed goods provides captive markets. From the side of working people and consumers, market

economies are also fearful places. Wage laborers must fear dismissal. Market transactions may signal consumer preferences, but they do not guarantee that goods produced in response to those preferences will be affordable.

### Fear and Possessive Individualism

On the view defended in this paper it is this characteristic of economic markets—insecurity or fear—that is crucial to a possessive individualist culture. Recall that this culture is marked by selfishness, a fixation on private ownership, commodity fetishism, consumerism, and greed. Starting at the end of this list, I surmise that consumerism and greed for wealth are largely products of the insecurities of a market economy. Fear, to put the point in Hegelian terms, is the truth of greed.<sup>10</sup> In an economy where one is never sure whether the resources required to satisfy needs or pursue desired life goals will be forthcoming, or where one must always fear being done in by the competition, resting easy with what one has can be risky.

An admittedly speculative hypothesis to establish a more intimate connection is that people are greedy and consumerists by default. The insecurities of a market economy impede seeking or leading a meaningful life in the sense Macpherson appropriated from Aristotle where people are empowered to make full use of the ensemble of their talents. In this situation a dream of riches supplants meaningful activity as the goal of life. Think of students who are following bread and butter courses of studies but who would rather be studying humanities, social sciences or the arts. I have the impression that many of them begin grudgingly accepting this constraint as an unfortunate necessity, which subsequently turns into a virtue in their eyes as the accumulation of goods one can show off and play with comes to be seen as a meaning-conferring goal.

A similar dynamic applies to many of very rich, who from the point of view of survival and security have nothing to fear and yet, like Rockefeller, are never satisfied and exhibit traits of possessive individualism at least as strongly as others. In a society where this culture is dominant something akin to adaptive preference formation seems to be at work, except that instead of people scaling down their aspirations to tolerate living with scarce resources, they scale them *up* (or, better, displace them) to accord with inflated markers of esteem and the good life.

It is tempting to see selfishness as a direct consequence of the fact that in order for market transactions to signal consumer preferences they must be undertaken in a self-interested way. But I do not think this is the driving force behind an economic culture of selfishness. Critics of Adam Smith sometimes cite his claim referred to above about not expecting one's meal from the benevolence of the butcher as an expression of bloody-minded selfishness, just as champions of free-market capitalism cite it as recognition of a basic feature of human nature.

Whatever Smith's own views on such matters, his observation is noncommittal regarding general views on human nature. Purely selfish butchers do such

things as thumb the scales if they think they can get away with it, lie about the quality of products, or inflate prices when dealing with desperate customers. But looking to realize profit on a sale does not entail these things. A similar point can be made about market anonymity. No doubt the fact that producers or distributors do not know their customers personally makes it psychologically easier for some of them to price gouge, but not all of them do so whenever an opportunity arises; so the question remains of why this sometimes happens. In both cases, I speculate that the root motive is fear about the consequences of not realizing maximum profits, rather than a Scrooge MacDuck-like primal thirst for profit *per se* in selfish disregard for others.

Regarding a fixation on private ownership, it should be noted that ownership is a matter of degree. If pure ownership means that someone has legally protected complete discretion over the use of what is owned, there are very few instances of it even in the freest of market economies, where there are many legal constraints on deployment of property. Still, some approximation to private ownership seems essential to a market economy, at least regarding the setting of prices;<sup>11</sup> so, analogously to the way that anonymity facilitates selfish behavior, fixation on private property with its concomitant dispositions toward exclusion and viewing one's own talents as private property is always possible. As to whether it is unavoidable, again, I suggest that insecurity makes the difference. Faced with the possibility of dramatic rent hikes or eviction, tenants find the security of home ownership attractive. Owning one's own business is frequently motivated by a desire for control over one's economic fortunes. Self-ownership at least allows someone to walk away from an oppressive employer.

In *Capital*, Marx maintained that from the moment goods are mass-produced for the purpose of exchange, people lose sight of the human interactions that actually caused them to come into existence. His main aim in this exposition was to criticize procapitalist economists for obscuring productive and particularly class relations in their analyses. In earlier works, a similar claim was made about exchange leading to mystified views of products of labor, but Marx's aim was more generally to decry the demise of production motivated by a desire of people mutually to benefit one another and its replacement by selfish motivations.<sup>12</sup> From the latter perspective, the dimension of commodification being addressed is that people in a market society see the monetary values of goods and services, including their own labor power, as their most important and often their only aspects. Fetishism in the more technical sense reinforces this attitude by obscuring the human origins of objects of production.

Subjection of goods and services to economic markets is likely a necessary background condition for myopic concentration on their exchange values. But it overstates the case to claim that this stance is inevitable, as is evidenced by the attitudes of those merchants and manufactures who take genuine pride in the quality of what they sell or produce. Even if such are a minority, that they exist at all illustrates that large scale exchange need not always generate this dimension of possessive individualist values.<sup>13</sup> Attitudes of commodity fetishism com-

plement a fixation on property and/or greedy consumerism. Central to a commodity regarded as private property are the conditions under which it can be acquired or relinquished, chief among which is its price. What makes indefinite acquisition of consumer goods a realistic goal is concentration on their monetary worth. So if the earlier claims about insecurity, private property fixation, and consumerism are accurate, commodity fetishism, too, is crucially fear-driven.

### **A Fearless Market**

The upshot of the foregoing is that a market economy can be prevented from engendering a market society by voiding it of fear. There is no mystery about the sorts of measures to accomplish this. They include a guaranteed annual income, full employment through job creation and training, adequate health and old age care programs, and the like. At the end of the paper I shall return to some questions about what structural arrangements (welfare capitalist or a more socialist alternative) are necessary to inhibit the nurturing of a possessive individualist culture, while maintaining room for an economic market. Here I pursue the hypothesis' cultural implications.

Removing fear from the market would inhibit selfishness at least to the extent that people could afford to be moral. It would enable people safely to see themselves as trustees of possessions and of their own talents rather than as their private owners. Removal of fear would permit people to engage in work and lives outside work that are meaningful to them, thus inhibiting greed and consumerism. Production, labor, and exchange could be pursued in "communal" and "self-affirming" ways, as Marx put it in his early essay,<sup>14</sup> rather than as a matter of manipulating commodities for individual gain.

I can hear groans of incredulity at such an optimistic picture, and shortly I shall myself flag some worrying considerations. First, however, I wish to take advantage of the fact that this is a paper most or all of whose readers will be professors or aspiring professors to enjoin reflection on our own conditions of work for evidence against the irrealism charge. In our capacities as employees we are certainly subject to market forces. If there were no demand for our services, we would not likely be employed, and if there were hyper demand with scarce supply, we would be making more money. Yet most of us (at least in my part of the world) enjoy job security in the form of tenure, we earn high enough incomes to lead dependably comfortable if not luxurious lives, and possess some form of retirement benefits and protection against high health care costs.

The result is that we are able to put our talents to personally meaningful and socially beneficial use. To be sure, some treat their published ideas as commodities, for instance when chancing upon a captive textbook market, or try to extort extraordinary salaries or low teaching loads from our departments. But even with North American universities increasingly buying into neo-liberal ideology, are not such colleagues still the exception? I'm not arguing that professors are without foibles specific to their profession, but pointing out that pockets of non-market

society can exist within a market economy, and I suppose that similar pockets can be found in other locales. If so, then, confidently rejecting an explanation that professors are uniquely noble forms of humanity, I see no reason why the exceptions cannot be the rule.

### Challenges

Challenges to this recommendation may be sorted into those external to its circumscribed aims and two categories of internal challenges.

#### *Competition*

One internal challenge is economic. In market relations, prices result in part from competition among producers and distributors, just as wages and salaries are partly determined by competition among employers for employees. Without competition market relations would not signal preferences, which is the main reason as I see it to try to retain core elements of a market economy. But, it might be argued, a fear-free economy would also be competition-free, thus undermining the efficiency advantage of markets.

Pertinent to this challenge is the observation that security in the envisaged economy need not be extended to competing producers or distributors *qua* producers and distributors. They are not freed of the insecurities accompanying competition in the sense that their enterprises will be bailed out should they fail, but that as individuals they will not be left jobless or destitute in this event. In this respect, the envisioned situation is the opposite of the actual situation of most developed capitalist countries, where, under the cover of bankruptcy provisions and corporate law, chief executives of the larger firms are well-sheltered from their own failures in the market, unlike their workers.

Aside from this consideration, it would still be the case that while unsuccessful competitors might lose their status as producers or distributors, the worst that could happen to them would be to join the ordinary workforce and this in a fear-free environment. Such relative security, one might maintain, would remove the incentive to be efficient competitors, prompting them instead to be sloppy in their market research or reckless in their pricing policies, thus jeopardizing the informational function of a market. I think of two sorts of solution to this problem, cultural and economic.

Cultural solutions depend upon other than economic incentives to motivate efficient competition. A radical approach is described by Joseph Carens. He projects an egalitarian society where entrepreneurs' profits are very heavily taxed, but where they are motivated vigorously to compete in recognition that they perform a valuable social function thereby.<sup>15</sup> A less utopian cultural solution depends upon entrepreneurial spirit and pride to ensure appropriate effort. This solution does not seem to me any more far-fetched than depending upon pride of workmanship, the intrinsic rewards of exercising one's talents, and social com-

mitment on the part of employees in a largely fear-free economy. So this problem takes us back to the debate over human nature earlier set aside.

One economic solution allows for income disparities far less than the gross differences in North American economies, but still greater than thoroughgoing egalitarians would prefer. In such a society, economic incentives for vigorous competition or to acquire demanding work skills would still function, though not at the expense of perpetuating the fears described earlier. Other solutions depend upon what institutional forms would be appropriate to a fear-free market. Managers of state-owned enterprises in a thoroughgoing socialist society would, it is hoped, be selected in virtue of their entrepreneurial skills and be subject to review and dismissal. In a society of competing workers' cooperative firms, the continuing existence of the firms themselves (presumably, as voluntary organizations, desired by their members) would serve as a motivating goal.

### *Conditioned Possessive Individualism*

The other category of internal challenges pertains to some historicist postulates of the foregoing argument. It cannot be claimed, on this challenge, both that people are conditioned to a possessive individualist culture and also that removal of fear will impede the culture: once the values have been internalized, they take on a life of their own, with or without fear, as in the case of the possessive individualist rich.

Fully to meet this challenge requires engaging the philosophical-anthropological debates bracketed in the paper. Instead, I shall sketch the outline of a response, inviting pursuit of the topic by those so inclined. The response starts by identifying two strategies, one of which rejects thoroughgoing historicism in favor of the view that people are possessed of a basic human nature, and maintains that among its features are potentially dominant dispositions to behavior at odds with possessive individualism. An alternative strategy is to embrace historicism but note that it depends upon the view that motivating values are malleable, so that what has been, so to speak, conditioned in can be conditioned out. Crucial for both strategies is that neither in the case of any society nor in the case of most individual people are possessive individualist attitudes the only motivating ones, but they coexist with contrary attitudes. This means that people are not locked into social worlds or personal lives utterly void of models of non-possessive-individualist forms of life or of counter dispositions that impede intractable and all-consuming possessive individualist personalities.

Against this background the key claim is that in the right circumstances—centrally including the absence of a fear-fraught life—possessive attitudes will give way to non-possessive ones. This claim might be substantiated with social-scientific or historical findings (if any not dubiously ideological can be adduced) and by asking that one think of anecdotal confirming examples. It is also apt to note that a possessive individualist life is stressful (Who will try to take away my property today?) and compulsive (Will I never be satisfied?). Persisting stress and

compulsion eventually take their toll such that there is at least this motivation to get free of it.

An exception may be the trade-crazed brain set to whom Marx referred. They thrive on market insecurity, as it gives zest to their lives, so removal of fear would be oppressive to them. Assuming this is a minority group, the best approach is simply to prescribe tolerating them in an economically fear-free society, in much the same way that a certain number of free riders could be tolerated. Moreover, similarly to daredevil stunt people, mountain climbers, or alligator wrestlers, there is nothing to prevent such people from continuing to make risky investments or the like. Perhaps there could even be provision for opting out of safety net protections. It is true that if this were deemed unfeasible, the trade-crazed brain folk might not be able to take risks as great as they please, and they might be put off that other people were free of the fears alluded to. But this seems a small price to pay to avoid a market society.

### *Capitalism*

The main challenges external to the paper's line of argument appeal to the structural questions also set aside, and in particular to the question of whether capitalism could accommodate a fearless society. One such challenge interfaces with the cultural topic just addressed. This is that people living in a possessive individualist culture do not just internalize its values, but it is vital for capitalism that they do so: fearful working people will accept lower wages, and competitive attitudes among them inhibits class consciousness and unity; greed and consumerism is requisite for ever expanding markets. Accordingly, these attitudes are actively encouraged in a capitalist society in the media, in educational forums, and through advertising, and so on.<sup>16</sup>

Also threatening to capitalism are the number and extent of things that would be exempted from market forces in the envisaged society plus the level of taxation and government administration required to eradicate appropriate insecurities. These things would be unacceptable to capitalists, as would an economy with a fear-free workforce. In this economy, incentives for people to work at all, to develop appropriate talents, or to stick with an employer, would include such things as offering challenging work, free time, a pleasant and safe work environment, and special remuneration for extraordinarily arduous jobs. A motivation not available would be fear of permanent unemployment, destitution, or death. Thus a fear-free society would not include a forced labor market.

The challenge then comes to a claim that implementation of the recommendations above would require an anticapitalist, socialistic form of state. For those distressed by this prospect but otherwise wishing to avoid a market society, the pertinent questions to ask are whether capitalism could adapt to a more cooperative, less acquisitive culture, and whether it could survive a fear-free economy. Despite the lack of enthusiasm displayed by procapitalists for such radical reforms, there are examples of some moves in their direction.

Under environmental pressures by green and some social-democratic parties, as well as from within minority wings of traditionally procapitalist parties themselves, some capitalist societies have to a certain extent accommodated to the popular reaction against consumerist extravagance reflected in these environmentally informed pressures, just as capitalism adjusted, albeit uneasily, to earlier pressures for trade unionism. Evidence that welfarist and social-democratic constraint on capitalism is possible is that it has been approximated in various times and places, for instance, Northern Europe, Canada, and Japan. As to whether a workable socialistic alternative is available, at least it is now well-known (one hopes) where *not* to go: dictatorship and plannification.

### Postscript on Globalization

Polanyi's picture of capitalism as a pendulum phenomenon where brutal profit-seeking calls up counteracting state intervention offers an explanation with historical examples of how capitalism accommodates constraints on a market economy with the fear-relaxing intent prescribed above. But in our century, globalization enables the largest firms to draw upon forced labor unprotected by a welfare state, to expand into populations anxious to take advantage of new opportunities for unbridled consumerism, and to circumvent or beat down environmental and other constraints. In this circumstance, a Polanyian pendulum swing seems less likely than before. This means that the older question over whether capitalism can be constrained or transcended joins a newer one over whether globalization can be "civilized?"<sup>17</sup> The logic of this paper suggests that positive answers to these related questions are essential for optimism about whether a market economy can be prevented from yielding a market society.

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### Notes

<sup>1</sup> Karl Polanyi, *The Livelihood of Man* (New York: Academic Press, 1977, posthumously published from essays written between 1954 and 1964), 9.

<sup>2</sup> Augustin Cournot's *The Mathematical Principles of the Theory of Wealth*, quoted in Lloyd G. Reynolds, *Economics: A General Introduction* (Homewood, IL: Irwin, 1988), 32. Reynolds's variant replaces "in such free intercourse" with "in such close communication," thus removing the explicitly ideological dimension of Cournot's definition, but making the result more opaque. Another typical example is the definition of Fred E. Faldvary: "A market is a process encompassing the totality of voluntary economic acts within some context." *Dictionary of Free-Market Economics* (Cheltenham: Edward Elgar, 1988), 200.

<sup>3</sup> Adam Smith, *The Wealth of Nations* (New York: Modern Library, 1937, first published in 1776), 14.

- <sup>4</sup> Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*, in *Karl Marx and Frederick Engels: Selected Works* (New York: International Publishers, 1968, first published in 1859), 95–180, at 162. This edition translates Marx’s phrase as “trade-crazy.”
- <sup>5</sup> Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944), 57.
- <sup>6</sup> *Ibid.*, 72.
- <sup>7</sup> As in his *The Political Theory of Possessive Individualism: Hobbes to Locke* (Oxford: Oxford University Press, 1962), 48–9. Macpherson’s understanding of a possessive market society cuts across the market economy/market society distinction drawn in this paper as it does regarding a distinction between structural and cultural focuses. For this reason the approach of the paper is “Macphersonian” only in virtue of the overall emphasis in the corpus of his works on the culture of possessive individualism roughly as described here. Though he made slight reference to Polanyi, Macpherson’s views on market societies are generally compatible with his.
- <sup>8</sup> Polanyi, *The Great Transformation*, 57.
- <sup>9</sup> *Ibid.*, 72. The doctrine of the “fetishism of commodities” is explicated in Marx’s *Capital*, Vol. 1, Part 1, Section 4. In earlier writings Marx connected a version of this theory to market society culture, as in a notebook entry on Ricardo and others written in 1844 and published as “On Liberty” in *Karl Marx: Early Texts*, ed. David McLennan (Oxford: Blackwell, 1971), 188–203.
- <sup>10</sup> This is meant in the sense of fear being the driving force of greed. The dialectics at work here (fear prompting consumerist greed which, in generating artificial and inflated needs the satisfaction of which is ever more precarious, gives one even more to fear) it is a negative dialectic. This stands in contrast to Hegel’s own famous treatment of fear in the Lord and Bondsman section of *The Phenomenology of the Spirit* (IV.A.3) where the bondsman’s fear is the first and crucial step to self-realization.
- <sup>11</sup> At an extreme limit compatible with a market economy everything is collectively owned, but people have a right of first decision-making regarding the deployment of goods they “own” or use of their talents, thus making them trustees for society over these things. This would still offer the opportunity for possessive individualist attitudes and behavior, just as, for example, estate trusteeship admits of abuse.
- <sup>12</sup> Marx, “On Liberty,” 199–202.
- <sup>13</sup> Marx’s treatment in “On Liberty” equivocates about whether production for exchange is the unique cause of what he would later call fetishization or specifically profit-motivated production is the cause.
- <sup>14</sup> Marx, “On Liberty,” 194.
- <sup>15</sup> Joseph Carens, *Equality, Moral Incentives, and the Market* (Chicago: University of Chicago Press, 1981); Carens’ work is explicitly utopian and is designed in part to demonstrate that a market economy is not conceptually antithetical to egalitarianism.
- <sup>16</sup> Bernard Hodgson argues that while an efficient capitalist market must not provide more goods than people will consume, competition demands that enterprises take advantage of economies of scale, which means ever expanding production of the same goods. The solution is to encourage general *pleonexia*, the pathological state of sheer acquisitiveness described by Aristotle and decried as well by Macpherson. The result is that possessive individualism “is indispensable to the product growth integral to market efficiency,” “On Economic Men Bearing Gifts and Playing Fair,” in *The Invisible Hand and the Common Good*, ed. Hodgson (Berlin: Springer, 2004); 279–98.
- <sup>17</sup> Essays pertinent to this topic (including one by myself) are in *Civilizing Globalization: A Survival Guide*, ed. Richard Sandbrook (Albany: State University of New York Press, 2003).