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Introduction: The culture of the market

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What should the reader expect to find in a collection of historical essays titled *The Culture of the Market?* Many of the assumptions shaping this volume are evident in the words of the title. Consider, to begin with, the word "culture."

There is one intellectual tradition, unfashionable today among academics but possessed of greater staying power than meets the eye, that understands true culture to embrace only the priceless, only that which is (or ought to be) immune from the tawdry calculations of least cost and maximum utility that notoriously prevail in the marketplace. From that traditional standpoint, often loosely identified with Immanuel Kant or Matthew Arnold, the market is not only a cultural void but an active corrosive agent, obliterating cultivated values wherever it reaches. To anyone firmly wedded to that conception of culture, our title can only be puzzling, for it would seem unnaturally to couple domains of human existence that are mutually exclusive.

Even to speak of "market culture" is tacitly to sever culture's traditional association with transcendent values and define it in a way that is more inclusive and less evaluative – allowing us to speak of the culture of Tanzania as readily as that of France, of low culture as well as high, of the culture of business people and shopkeepers as well as that of aristocrats and priests. This is only to follow common practice, for during the past half century the broad, nonjudgmental conception of culture has become prevalent in most academic circles. "Culture," argued Franz Boas in the characteristically inclusive spirit of twentieth-century anthropology, "may be defined as the totality of the mental and physical reactions and activities that characterize the behavior of

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the individuals composing a social group collectively and individually in relation to their natural environment, to other groups, to members of the group itself and of each individual to himself."[1] Here culture signifies a whole way of life: institutions, artifacts, rituals, and practices, as well as ideas, images, and texts. Relaxed and tolerant though this standpoint is, even it, as we shall see, is capable of treating the market as an enemy of certain highly valued cultural practices.

The relation between culture and economic activity is, we assume, one not of mutual exclusiveness but, rather, of reciprocal influence and interpenetration, sometimes harmonious, sometimes conflictual. Economic practices are imbedded in culture, aspects of culture. As such, markets can be seen as the effects of certain cultural configurations and the causes of others. In the absence of certain values and practices a market economy cannot come into existence. Once a market economy does exist, its very presence seems to encourage some ways of life and discourage others. There often appears to be a nonvicious circularity between the preconditions for market activity and the consequences of that activity, as if markets, like powerful disturbances in the atmosphere, can in some degree be self-reinforcing, helping to create the very sorts of people and ways of life that they need in order to function effectively. But not every dust devil turns into a cyclone, and not every market grows.[2]

To speak of "the culture of the market," then, is not to assume that culture is merely a reflection of autonomous economic factors, or to suppose that the market is always associated with the same cultural forms, independent of time, place, tradition, or human volition. There is no single "culture of the market." But, on the other hand, not all cultures are equally compatible with the needs of a market economy. To speak of the cultural implications of the market is to assume that markets, precisely because they are aspects of culture, have cultural concomitants, and that we are capable of identifying at least some of them. Just what those concomitants are, whether they are best understood as preconditions of market behavior or as results of it, and just how necessary or contingent their connection to market

1 Boas, *The Mind of Primitive Man* (New York: Free Press, 1966), 159.
2 For a strong argument on behalf of the priority of culture over utility – stronger than the one assumed here – see Marshall Sahlins, *Culture and Practical Reason* (Chicago and London: University of Chicago Press, 1976).

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activity may be, are open questions, on which the contributors to this volume aspire to shed some light.

Being historians (with the perhaps nominal exception of one historical sociologist), the authors are concerned more with particular times, places, people, and events than with the development of general theoretical perspectives on the relations between markets and culture. Just as we have borrowed the anthropologist's conception of culture without attending to all the technicalities that a specialist might want to explore, so we have borrowed from economics the notion of a market – the second of the two operative words in our title – and used it in decidedly nontechnical ways. Somewhat to the surprise of the organizers of the volume, none of the contributors volunteered a definition of the key term, "market."[3] Perhaps this is just as well. Although the closely affiliated words "market" and "capitalism" are today part of the common parlance of historians, there is no consensus about their meaning. Thus, what the reader needs is not so much a definition as a sense of the range of meanings now current in the field. The next section is intended to meet that need. Having established a range of shared meanings of "market" and related terms, we can then proceed to the essays at hand.

What follows in this introduction is an examination of three conceptions of the market that have been especially influential among histori-

[3] As an alternative to a *definition* of "market," Haskell suggests the following, with tongue not entirely in cheek. Imagine that we knew, for a given society, who was in competition with whom, over what stakes, and with what degree of intensity, in all the multitudinous dimensions of human performance, whether economic or not. We would, in short, know for every conceivable commodity and service who produced it, who consumed it, and how the choices and activities of each producer and consumer influenced prices and thus figured in the lives of all other producers and consumers. Moreover, we would also know for all the dimensions of human performance (whether ordinarily reckoned "economic" or not) which performances were seen (in whose eyes) to be commensurable, and therefore "in competition," such that the performance of one person made a difference, pleasing or displeasing, to "consumers" or to others engaged in the same art, craft, sport, endeavor, form of play, and so on. Such knowledge would enable us to view society as an intricate network of overlapping spheres *within* which human actions appeared commensurable, and therefore competitive, but *between* which no competition could be recognized. Before we could form an image of this complex network and extend it through time, taking account of changes, we would also, of course, have to have at our fingertips a vast amount of knowledge about the changing technology of "action-at-a-distance," all those means by which one person's action can make a difference in the lives of others, whether or not they are physically and temporally proximate. This is not a definition of "the market." But if we possessed such knowledge, we might not need a definition, for the object of our curiosity would already be in view.

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ans during the past half century. Our aim has not been to survey the full length and breadth of the emerging field of historical studies devoted to the origin and meaning of market culture. That field, which scarcely existed a decade ago, is thriving; a historical overview of it would undoubtedly serve valuable purposes. But instead of a thin discussion of many works, we have preferred to offer a deeper analysis of the few that aspired to something like theoretical adequacy, and thus set the terms of debate. Our aim has been to triangulate the domain of possible perspectives, as it were. By exploring in some depth the most compelling efforts to conceptualize the market, we hope to convey at once, even to uninitiated readers, the intellectual magnitude of what is at stake in the study of market culture. We live at a time when the long contest between capitalism and socialism seems suddenly to have reached endgame. When the fate of nations hangs in the balance, the cultural implications of the market take on more than scholarly interest.

The first of the three conceptions of the market to be examined was articulated by Karl Polanyi in 1944; the second, by C. B. Macpherson in 1962; and the third, by Fernand Braudel in 1979. Polanyi understood the pivotal development of European and world history in the nineteenth century to be the "utopian endeavor of economic liberalism to set up a self-regulating market mechanism."[4] To that effort, profoundly misguided in his view, he attributed not only the breakdown of world economic order after 1900 but two cataclysmic world wars. He conceded, of course, that there was nothing new about markets in the nineteenth century. At least as far back as the later Stone Age, he observed, human beings had gathered to exchange goods through barter, or buying and selling. In a spirit that had Kantian overtones but was also deeply influenced by the anthropological conception of culture, he directed his criticism not against markets as such but against the systematic effort that took place during the nineteenth century, first in England and then on the Continent and in the United States, to reorganize the economy as a self-regulating

[4] Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1957), 21–29.

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mechanism, subject to the will of neither the government nor the citizenry.

Throughout most of human history, argued Polanyi, market activity was only an incidental aspect of economic life and the motive of economic self-advancement was firmly subordinated to considerations of social esteem. Rejecting Adam Smith's assumption that all mankind displayed a natural propensity to truck, barter, and exchange, Polanyi, like Max Weber and others before him, insisted that the motive of gain was a European invention of recent origin. Drawing heavily on the anthropology of the 1920s and 1930s, and boldly extrapolating from the current practices of Trobriand islanders to the historical practices of European societies, Polanyi contended that the natural relation of economy to culture was that of part to whole, mere means to surpassingly important ends.

"Man's economy," he wrote, "as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only insofar as they serve this end." When economic considerations are properly imbedded in social relations and shaped by communal ritual, "the premium set on generosity is so great when measured in terms of social prestige as to make any other behavior than utter self-forgetfulness simply not pay."[5] Although the motive of gain seems inescapable, even indispensable, in modern European economies, economic production need not stagnate in its absence, he reported; instead, a sufficiency continues to be produced and distributed according to noneconomic, or only quasi-economic, principles of reciprocity, redistribution, or simply household maintenance. In a strongly prescriptive voice, Polanyi, like Marx before him, hailed Aristotle's "prophetic" distinction between production for use and for gain, and echoed the philosopher's denunciation of the latter as "not natural to man."[6]

Polanyi recognized that European economies by the fifteenth and sixteenth centuries had already moved far beyond simple production for use. But the "great transformation" of which he wrote – the shift from an economy imbedded in social relations to one that cavalierly

[5] Ibid., 46.
[6] Ibid., 53–54.

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manipulated social relations as means to its own impersonal ends – did not reach completion even in England, the world's most advanced economy, until 1834. In that year the Poor Law Amendment put an end to the subsidy in aid of wages that the justices of Berkshire, meeting in Speenhamland, had established in 1795, a time of great distress. The repeal of the Speenhamland law did away with "outdoor relief" and what amounted to a paternalistic minimum income, thus for the first time exposing workers to the full fury of a competitive labor market. Polanyi accepted the conclusion of economists that the Speenhamland law – paradoxically and contrary to the intention of its authors – had depressed wages and contributed to the immiseration of the work force. He even conceded that "in the end the free labor market [created by the repeal of Speenhamland], in spite of the inhuman methods employed in creating it, proved financially beneficial to all concerned."[7] Nonetheless, he regarded the repeal of Speenhamland as a "ruthless act of social reform," the effect of which was nothing less than to transform England into the world's first true market economy – and, still more ominously, into the first market society.[8]

> A market economy can exist only in a market society. . . . A market economy must comprise all elements of industry, including land, labor, and money. . . . But labor and land are no other than the human beings themselves of which every society exists and the natural surroundings in which it exists. To include them in the market mechanism means to subordinate the substance of society itself to the market.[9]

Land and money had already become subject to the market before the nineteenth century. The repeal of the Speenhamland law completed the transformation by stripping away the last protective shelter and subjecting man himself to the dictates of the invisible hand. Far from recognizing the peril to which they were exposing their fellow citizens, middle-class reformers, no longer checked by a powerful landed interest, recklessly plunged ahead. Under the banners of "free trade," they tried to perfect the autonomy of the market by bringing about the complete separation of the economic sphere from the politi-

7 Ibid., 77.
8 Ibid., 82.
9 Ibid., 71. For a provocative effort to rethink Polanyi's subject (and a denial that efforts to create a true market in labor ever succeeded), see the work of a contributor to this volume, William M. Reddy, *The Rise of Market Culture: The Textile Trade and French Society, 1750–1900* (Cambridge University Press, 1984).

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cal. The birth of modern consciousness, claimed Polanyi, lay in the discovery that fostered the reformer's extravagant hopes: Economic society was subject to laws of neither divine nor human origin. For the sake of comparison with Macpherson and Braudel, Polanyi's extensive definition of a market economy is worth reproducing in full:

> A market economy is an economic system controlled by markets alone; order in the production and distribution of goods is entrusted to this self-regulating mechanism. An economy of this kind derives from the expectation that human beings behave in such a way as to achieve maximum money gains. It assumes markets in which the supply of goods (including services) available at a definite price will equal the demand at that price. It assumes the presence of money, which functions as purchasing power in the hands of its owners. Production will then be controlled by prices, for the profits of those who direct production will depend on them; the distribution of the goods will also depend upon prices, for prices form incomes, and it is with the help of those incomes that the goods produced are distributed amongst the members of society. Under these assumptions order in the production and distribution of goods is ensured by prices alone.
>
> Self-regulation implies that all production is for sale on the market and that all incomes derive from such sales. Accordingly, there are markets for all elements of industry, not only for goods (always including services) but also for labor, land, and money, their prices being called respectively commodity prices, wages, rent, and interest. . . .
>
> A further group of assumptions follows in respect to the state and its policy. Nothing must be allowed to inhibit the formation of markets, nor must incomes be permitted to be formed otherwise than through sales. Neither must there be any interference with the adjustment of prices to changed market conditions – whether the prices are those of goods, labor, land, or money. Hence there must not only be markets for all elements of industry, but no measure or policy must be countenanced that would influence the action of these markets. Neither price, nor supply, nor demand, must be fixed or regulated; only such policies are in order which help to ensure the self-regulation of the market by creating conditions which make the market the only organizing power in the economic sphere.[10]

This definition of a market economy, which closely identifies it with the policy of laissez-faire, was, of course, intended by Polanyi as an ideal type rather than a description of any real society, for he acknowledged – or, rather, insisted – that such an economy was "utopian" and could never be realized. "To allow the market mechanism to be sole director of the fate of human beings and their natural

[10] Polanyi, 68–69.

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environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society. . . . Robbed of the protective covering of social institutions, human beings would perish from the effects of social exposure."[11] Driven by an inhuman fantasy that threatened vital interests at every level of society, the admirers of the self-regulating market had only to announce their program to trigger an avalanche of opposition to it.

Thus, for a century following the repeal of Speenhamland, the dynamics of modern society were governed, as Polanyi put it in an often-quoted passage, by a "double movement: the market expanded continuously but this movement was met by a countermovement checking the expansion in definite directions."[12] Socialism, of course, formed part of Polanyi's "countermovement" against the spread of the market, but he used the term broadly, so that it referred not only to the trade union movement and programs aimed at collectivizing the means of production, but also to the entire range of liberal regulatory devices and even to pragmatic measures designed to protect small capitalists from big ones, such as the establishment of central banking systems.[13] At every opportunity Polanyi took pains to reassert what were, perhaps, his most fundamental convictions about the market economy: its "extreme artificiality," in spite of the most seductive appearances to the contrary; and its fundamental incompatibility, not only with humane values but with the most mundane practical arrangements of everyday life.[14]

C. B. Macpherson, the second of the theorists whose influence on historians merits our attention, was no more enamored of the market than Polanyi. The term "market society" is central to the work of both men, and their conceptions of the market are similar at many points, but Macpherson acknowledged no debt to Polanyi and his assumptions about the chronology of development of market society are not easy to reconcile with those of his predecessor.

What Macpherson called "market society" did not come into existence in 1834, the year in which Polanyi claimed that the repeal of Speenhamland created an unsheltered market for labor, but was al-

[11] Ibid., 73.
[12] Ibid., 130.
[13] Ibid., 132.
[14] Ibid., 73.

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ready full-blown in England at least as early as 1651, when Thomas Hobbes published *Leviathan*. Indeed, one of the principal argumentative burdens of Macpherson's important and provocative book, *The Political Theory of Possessive Individualism,* was that Hobbes and the Levellers, as well as James Harrington and John Locke – the founding fathers of liberal political theory – all lived in a society thoroughly oriented to the market, and that they had tacitly drawn some of the most important of their theoretical premises from their everyday experience in market transactions. Macpherson displayed far more interest in the empirical details of history and economics than theorists generally do, but in the end he unapologetically subordinated empirical interests to his primary goal: shedding light on the unspoken presuppositions lying deep in the foundations of liberal thought.

That Hobbes's thinking was influenced by the market is impossible to deny, as the following example, quoted by Macpherson, attests:

> The *Value,* or WORTH of a man, is as of all other things, his Price; that is to say, so much as would be given for the use of his Power: and therefore is not absolute; but a thing dependant on the need and judgement of another. . . . And as in other things, so in men, not the seller, but the buyer determines the price. For let a man (as most men do,) rate themselves at the highest Value they can; yet their true Value is no more than it is esteemed by others.[15]

Whether the reliance of Hobbes and other seventeenth-century theorists on market metaphors can carry all the argumentative weight Macpherson heaped upon it is a controverted question.[16] The ultimate success of his argument on this and other points is less important for our purposes than the intriguing and admirably explicit model of market society that he developed in the course of presenting his argument. One suspects that many historians today, if pressed for a definition of the market, would point to Macpherson's threefold distinction between a "Customary, or status society," a "Simple market society," and a "Possessive market society." The reader may wish to

[15] Hobbes, *Leviathan,* quoted in C. B. Macpherson, *The Political Theory of Possessive Individualism: Hobbes to Locke* (London: Oxford University Press, 1962), 37.

[16] For criticisms of Macpherson, see his exchange with Jacob Viner in the *Canadian Journal of Economics and Political Science* 29 (November 1963), 548–66; John Dunn, *The Political Thought of John Locke* (Cambridge: Cambridge University Press, 1969), chs. 16 and 17; and Keith Thomas, "The Social Origins of Hobbes's Political Thought," *Hobbes Studies,* ed. K. C. Brown (Oxford: Oxford University Press, 1965), 186–236.

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compare and contrast these three ideal-typical constructions with Polanyi's discussion. "Customary society" appears to correspond to Polanyi's conception of a pre-market society, in which economic affairs are imbedded in and routinely subordinated to social relations. The "Simple market society" corresponds roughly to Polanyi's description of England in the late eighteenth century, or even on the eve of the repeal of Speenhamland, for although the model specifies markets in commodities, money, and land, there is none in human labor. The "Possessive market society" quite closely resembles the final stage depicted by Polanyi, in which the market extends everywhere and no authority is powerful enough to challenge its self-regulating discipline. Following are the essential properties Macpherson (*Possessive Individualism,* 51–54) assigned to each of the three types:

Customary or status society:

a. The productive and regulative work of the society is authoritatively allocated to groups, ranks, classes, or persons. The allocation and performance are enforced by law or custom.
b. Each group, rank, class, or person is confined to a way of working, and is given and permitted only to have a scale of reward appropriate to the performance of his or its function, the appropriateness being determined by the consensus of the community or by the ruling class.
c. There is no unconditional individual property in land. Individual use of land, if any, is conditional on performance of functions allotted by the community or the state, or on the provision of services to a superior. There is hence no market in land.
d. The whole labour force is tied to the land, or to the performance of allotted functions, or (in the case of slaves) to masters. The members of the labour force are thus not free to offer their labour in the market: there is no market in labour.

Simple market society:

a. There is no authoritative allocation of work: individuals are free to expend their energies, skills, and goods as they will.
b. There is no authoritative provision of rewards for work: individuals are not given or guaranteed, by the state or the community, rewards appropriate to their social functions.

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