

## Introduction: The Moral Economy, The Careers of a Concept

The financial crash of 2008 pulled the veil off the myth of the freestanding market. A movement of ideas and interests championing privatization and decontrol, especially over the movement of money, had redefined public authority over economic life from the 1960s. Seizing position after position across location after location, this movement came to challenge the coalitions that managed the post–World War II models of development and welfare. The appeal to market fundamentalism yielded new interests and new coalitions, creating the vertebrae of a neoconservative brand of politics to power and swayed even social democratic forces to the middle—or the margins. Entire political systems molded to the model across a vast range of societies.

Perhaps the ultimate success of the appeal to market rhetoric and individual choices was in blunting counter-arguments in favor of regulation, providing public goods, and equity. There is no alternative to the free market, the story went. It was, as one of its apostles—the Peruvian economist Hernando de Soto, who lionized the virtues of the informal sector and the powers of shanty-town capitalism—noted, “the only game in town.”<sup>1</sup> There was no choice but to strip down public policy until all it did was grease the mobile wheels of supply and demand with the least friction possible.

This flat-world style of talking about the economy relied on a stock of dichotomies, stagnation or growth, looting or accumulating, and showcased examples like Venezuela and Zimbabwe as illustrations. These were the elements of what Albert O. Hirschman called “the rhetoric of reaction,” a toolkit of arguments that dismissed the possibility of change, reform, or alternatives. Hirschman categorized these contentions in three ways, or three formulae. There were perversity claims (remedies might exacerbate the problem), futility (they were pointless), and jeopardy (reform might threaten wider achievements).<sup>2</sup> Enthralled by this triad, often without knowing it, policymaking had run amok. It left more and more power in the hands of fewer and fewer people who could not resist temptations to rig the rules to make them more inscrutable and more unfair.

There were exceptions. China is the glaring example, and its amply funded and highly legitimate state plays an active role in molding the model of economy. In Brazil, social democratic and progressive governments side-stepped the neoliberal dogma when it came to health care, with some astonishing results. There were also holdouts. The French public sector resisted dismantling, so it escaped the nose-bleeding of 2008 and recovered more quickly. But for more than a generation, since the 1970s, the global tide favored the free marketeers. Until recently, the exceptions tended to prove the rule about the power of the rhetoric of reaction.

Then came the crash, the failed efforts to muddle through globalization to strike a new equilibrium, and the backlash against cooperation, treaties, allies, and—above

all—strangers. In the place of suave, Armani-clad, monied cosmopolitanism, chest-thumping *sauve-qui-peut* politics swept to power. Donald Trump, Narendra Modi, and others promised a new brand of populism (even if they doubled down on rewarding privilege and decontrolling markets). Elsewhere, like France, objectors took to the streets to smash the plate-glass windows around the Champs Élysées. In Chile, a very different kind of street uprising saw protestors lobbing the tear-gas canisters back at the *carabineros* who had proven so important for General Augusto Pinochet's regime. Moreover, the furies directed at gilded elites sent shockwaves to the Left. Having hued to "third way" moderation in response to neoliberal certainties, progressive forces burst out in debate. Much of it has been incoherent and fratricidal. But some basic questions came to the surface. Maybe one did not have to blush while defending public goods? Perhaps protecting consumers did not have to be an afterthought? It became possible to envision companies not only as too big to fail, but too big to do good. With elites under assault and unfairness undermining their credibility, populism unleashed a call for re-moralizing markets. Even Pope Francis, without using the term moral economy, has called for more non-market thinking in how we govern and conduct economic life, decrying material injustice and suffering.<sup>3</sup>

Finally, the inescapable reality of climate change has only added to the intellectual drama fueled by the breakdown of older models and the absence of certainties about what comes next. Across the ideological spectrum and across the global fractures there has never been more basic agreement that the coordinates that dominated the "neo-liberal" age have lost their bearings, possibly for good. Calls for continuity are political dead letters.

This is nowhere clearer than in public arguments about economic life. Indeed, the underpinnings of the market order are often credited for the toxic combination of carbon addiction and inequality. Where to turn next? Many have argued for a restoration of moral considerations in market life, to add ethical calculations to values once reserved for the language of utility. Others have called for a deeper transformation.

This collection of essays opens up a history of moral arguments about economic life, a history that has been forgotten or obscured in the long, circular triumph of market fundamentalism. The moral economy has existed as a concept long before it was revitalized by the recent choleric turn in political discourse, as has the idea of the dignity of the human being. In fact, it was central to framing the convergence of interests and the styles of argument that gathered the development and welfare coalitions that guided policymaking from 1945 onwards. It informed New Dealers in America, Indian planners in Delhi, and Colombian populists in Bogotá. It was, as Samuel Moyn has recently shown, key to a turn in human rights thinking in 1930s Christian debates.<sup>4</sup> That is, even before the Holocaust and internationalist discussions of human rights that were later enshrined in the United Nations Universal Declaration of Human Rights there was a sense that states had obligations to their citizens, and that these might include the commitment to defend a dignified life. These rights did not rely only on secular notions of the individual. The idea of collective goods and arguments about ethical dimensions of production and exchange, survival and wealth, circulated widely in part because, in the midst of economic Depression, the appeals to nineteenth-century dogmas about the market, were as discredited as socialism would become in the 1980s.

Economists, historians, and other social scientists played a vital role in circulating

moral arguments. Economics did not imply the study—never mind the trumpeting—of free markets. John Maynard Keynes never assumed that the state and communitarian concerns should be bystanders. Though he was a successful investor in his own right, he shared an aristocrat's disdain for the love of lucre as an end in itself, markets as the exclusive means and measures of human welfare. In "Economic Possibilities for Our Grandchildren" (1930), he staked out the case for ethical reasoning in the definition of material comfort. He warned, prophetically, that the "bad attack of economic pessimism" could yield to disastrous politics. Peering into the future—his was a speculative foray into a century hence—he envisioned a Europe and North America in which people ceased to worry about making money. But would they have a good life? The essay, written as the stock market plunged in the fall of 1929, is worth re-reading now as we bequeath an overheated and species-emaciated planet to our grandchildren.<sup>5</sup>

Discussions about morality *and* economics abounded in Britain at the time. Christian thinkers paved the way. Especially British "guild socialists" like G. D. H. Cole and R. H. Tawney argued for a new fabric of interdependence that was more than the conjunction of supply and demand curves. This spirit inspired the Hungarian émigré Karl Polanyi to author a critique of liberal capitalism, *The Great Transformation* (in England, the original title was *The Origins of Our Time*) in 1944.<sup>6</sup> Though Polanyi never uses the term "moral economy," this book is often seen as the originator of the notion that there was a systematic way of viewing economic life as "embedded" (a term he deploys in passing, but which becomes a keyword for subsequent moral economists) in institutions, values, and norms that transcended individualized notions of interest.<sup>7</sup>

But the actual term "moral economy" was coined in the historian E. P. Thompson's classic *The Making of the English Working Class*.<sup>8</sup> To Thompson, it denoted something slightly different from Polanyi. It was not a fabric that sustained the economy, even if market apostles denied it. The moral economy was the world of production and exchange that preceded the rise of capitalism, not what buoyed it or made capitalism feasible or sustainable—which had been Polanyi's argument. Thereafter, the concept began its career.

This dossier of essays explores the career of "moral economy" as a concept. It makes three basic points. First, the idea of the moral economy was never one thing, never coherent, never settled, and never a guide to an equilibrium on its own—as if the right balance of ethics and economics, morality, and materiality would resolve the contradictions of capitalism. There was a basic tension over what moral economy was supposed to mean when it achieved traction in the 1970s, when Thompson's work made the rounds. E. P. Thompson's moral economy was central to the rise of a new contestatarian social history. It was made famous by the anthropologist James C. Scott in his portrait of peasant life and resistance to the commodification of land and labor relations in Southeast Asia on the heels of the debacle of the Vietnam War. Indeed, it was summoned to explain not only the popular resistance to American-envisioned modernization in Indochina, but was also invoked elsewhere as disenchantment with institutions like the World Bank and the International Monetary Fund grew.<sup>9</sup> Among social scientists, the moral economy was central to the big arguments about the origins of capitalism and the violence of what was then seen as a "transition" debate. How did markets come to triumph over morals as the compass to organize economic life? At the same time, there was a rediscovery of Polanyi, and an insistence that markets had never really overpowered morals. In the 1970s, Adam

Smith-thumping fundamentalists like Milton Friedman argued that happiness depended on unfettered markets, and Margaret Thatcher rejected the notion that there was anything left of “society,” just possessive individualists maximizing and competing their way to a better world. Moral economists, arguing in defense of the under-assault welfare state, insisted that policies geared to basic human dignity made markets function properly and legitimately in the first place. “Moral economics” was a shorthand for many purposes, some heuristic, some explanatory, and some prescriptive.

Nowadays, we are rehearsing some of the same debates, and using some of the same terms. But we accompany this rehearsal with the historical awareness of the careers, uses, and abuses of the words and concepts lumped under the label moral economy. Just as Hirschman exposed traits about anti-reformist rhetoric, this dossier reveals histories of arguments about economic life, arguments that widened the spectrum of what could be imagined as economic but did not necessarily mean the same thing at the same time. This dossier is therefore intended to enrich the qualities of our arguments by expanding the repertoire and inviting historical consciousness that got flattened by the “only game in town” style of market fundamentalism. This consciousness is important as we consider economic possibilities for *our* grandchildren.

Second, the moral economy was a global invention—because the market economy was a global creation. It was not just an Anglo-American invention, even if we tend to draw the genealogy from an English, romantic tradition. Globalizing the origin stories will help us hear the global voices of today. In France, social theorists like Marcel Mauss were actively thinking about exchange relations in ways that did not dissolve into material utilities. His idea of the gift, sacrifice for others, and magic pointed to more deep-seated and resilient patterns of social relations than the ones narrowed down to the purview of increasingly professionalized economists. And beyond, in peasant societies, social thinkers conjured ideas of rural integration that viewed villages as natural structures—necessary for the stability and viability of market relations that might course above and around them. This was true of India and Mexico, for instance, where the village was the subject of much debate and idealization in the period after 1918. In the wake of the Mexican Revolution (1910), social scientists like Manuel Gamio, a founder of archaeology and ethnography south of the Rio Grande, responded to the *agrarista* revolt with a model of communitarian rural life organized around the common property of the *ejido*—which would become an iconic, if idealized, staple of Mexico’s developmental regime. At the same time, Mahatma Gandhi excoriated rampant individualism and consumption in India. The cult of self-interest, he proclaimed, drained the natural harmony of social life. And while his admirers, the planner Jawaharlal Nehru and the poet Rabindranath Tagore, shared some collectivist inclinations, they stopped well short of Gandhi’s rejection of materialism altogether. In Russia, too, dating back to the years after the emancipation of serfs in 1861, there was much debate about the soul of the country’s roots in the *obshchina*. Late in his life, Karl Marx was poring over early ethnographies of Iroquois of the North American Great Lakes and of Russian peasants, wondering—in a way that would have made his followers blanche—whether there was a viable communitarian alternative to capitalism that did not depend on the alienated, urban, working class. In the conference at Princeton University that gave rise to this dossier, several presentations explored the multiple, global origins of the idea that would become the moral economy.

Third, the idea of the moral economy was always and everywhere tied to the idea of the market economy. From the inception of the idea of a market economy came ethical questions about justice, equity, and future calculi that were not easily compressed into allocative efficiencies or calculable outcomes. Exchange and production of commodities, including the treatment of humans as exchangeable units, triggered arguments about, and practices of, economic life that transcended the boundaries and categories that the discipline of economics would eventually create to wall off ethical considerations—to prevent them from creeping into the core of its self-understanding. Moral economists imagined considerations of welfare and survival directed at ways to think about economic life that did not reduce the sum total of interdependencies to market relations. The idea of the moral economy, even before it was named as such, trailed the market economy like a shadow. One might say that this dossier is an invitation to reconnect what was once a property of economic thought before an idealized *homo economicus* became the ontological mainstay of an economy segregated from the rest of social life—recombining what Scottish moral philosophers and the founders of modern economic thinking once imagined as a whole. Adam Smith’s *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) and its precursor *The Theory of Moral Sentiments* (1759) were not imagined as two divergent pathways. Each one crisscrossed ethical-economic lines; it would have been unimaginable for Smith, Hume, and others to name them as separable. It was, after all the tensions and complexities that animated their inquiry. Smith could not have anticipated that his heirs would imagine a self-interested human, divorced from any other-regarding pursuits, and create a myth of the *homo economicus*, sequestered away into something called *the economy*, with its own laws. It was something of a cruel irony that as free marketeers like Milton Friedman blazed the ascent of a neo-classical economic gospel, they had to reconstruct the figure of Adam Smith as their prophet. In so doing, they had to read *The Wealth of Nations* in astonishingly selective—not to say downright vulgar—ways, ways that left their prophet disfigured and distorted even as they evangelized their gospel.

So, getting the history of the market economy right means considering the idea of the moral economy. And yet the moral economy provided keywords to narrate capitalism differently, a story other than the triumphal conquest of liberal economics told as an epic about ever rising and expanding freedoms. The moral economy contained within it a critique of the market. For many of the users of moral economy there was a hope that the very term could unlock the mysteries of capitalism and its injustices. Indeed, while market apostles made the case for markets as freedom machines, moral economists invoked a very different set of images, of dark satanic mills, of alienation, and of dystopias. The imaginary of the Romantic nineteenth-century English craftsman and writer William Morris, whose work was so inspirational for English guild socialists, anticipates some of the populist outrage in our day—albeit with more grace and poetry. While Friedman was sculpting a self-serving interpretation of *The Wealth of Nations* in the 1970s, many were arguing for an alternative world economic order, in which commodities, controls on finance, and the arms trade might be subjected to the rhetoric of reform and collective welfare. This was the spirit of the New International Economic Order and the 1980 Brandt Commission called, fittingly, *North-South: A Programme for Survival*, which coined the term “globalization” in the first place. “Globalization” was not, for the record, a branding invented by *Harvard Business Review*. It also fueled transnational movements for fair trade

and corporate responsibility. We often associate the 1970s with a human rights turn and the demand that states be held accountable for their respect for humanity, economic activists also targeted corporations, demanding workers' rights and decent standards of behavior in marketing. The 1970s saw a groundswell of campaigns, like the boycott against Nestlé for selling milk formula to poor Third World mothers, or the one organized against South African wine producers in the protest against apartheid.<sup>10</sup> Just as one side called for the freedom of the individual from society, others summoned a vision of human dignity to replace the fatigued idea of utility.

One of the purposes of drawing attention to the plural and global features of the moral economy as well as its inseparability from the market economy is to respond to the recent turn to nationalize the critique of neoliberalism. Populisms of the Right and Left have tended to agree on recasting the nation as the source of resistance against globalization—as if restoring national sovereignty were the ticket to reviving a model of economic justice. Recognizing the pluralist and global critiques of the market allows us to rethink interdependence across borders, and to envision models of globalization and interdependence that are not so tied to the market. It would be a failing of the new moral economy to leave the stranger beyond the scope of its obligations or to ignore the other in its formulation of justice.

This dossier is dedicated to excavating the multiple, global histories of the concept of moral economy. Its aim is to consider the ways in which moral economics and moral economists shadowed political economics. We want to explore how moral economics offered a critical vocabulary, alternative histories, and political counterpoints to mainstream thinking about what Polanyi called “market society.” By examining key moments and figures, we outline a broad tradition of thought that has framed scholarship and public discourse about modern economic life that conventional thinking of economics has seceded. In recent years, the popularity of histories of capitalism and the debate about globalization and late neoliberalism have brought new attention to the vintage concept. How has the idea of moral economy offered ways to rethink human interdependence beyond the market? To think forward, it will help to look back.

## NOTES

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