# Moral Views of Market Society

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## Abstract

Upon what kind of moral order does capitalism rest? Conversely, does the market give rise to a distinctive set of beliefs, habits, and social bonds? These questions are certainly as old as social science itself. In this review, we evaluate how today's scholarship approaches the relationship between markets and the moral order. We begin with Hirschman's characterization of the three rival views of the market as civilizing, destructive, or feeble in its effects on society. We review recent work at the intersection of sociology, economics, and political economy and show that these views persist both as theories of market society and moral arguments about it. We then argue that a fourth view, which we call moralized markets, has become increasingly prominent in economic sociology. This line of research sees markets as cultural phenomena and moral projects in their own right, and seeks to study the mechanisms and techniques by which such projects are realized in practice.

## INTRODUCTION

In 1982, a soft-spoken economist with a self-diagnosed propensity for subversion (and self-subversion) published a short article on a big topic (Hirschman 1982): How have intellectual elites understood and judged market society throughout history? Somewhat contrary to his expectations, Hirschman (1977) found that the market was initially seen as a civilizing force. For most of the eighteenth century, the *doux commerce* thesis held that market relations made people more cordial and less inclined to fight one another. By the late nineteenth century, however, this harmonious vision faced a challenge. Marx, among others, argued that capitalist society tends to undermine its own moral foundations, to the point at which it will ultimately self-destruct. In response to this gloomy prediction, the defenders of the market revised the *doux commerce* thesis. The market was still an essentially good force but a too feeble one. According to this "feudal shackles" thesis, the persistence of cultural and institutional legacies from the past hampered the market's beneficial effects. Conversely, the absence of such a heritage in the U.S. case was seen as a blessing and a critical element in explaining the country's moral character and economic success.

Markets, Hirschman suggested, have thus been cast as civilizing, destructive, or feeble in their effects on society. In the 25 years since the publication of his article, there has been an explosion of research on markets in sociology. In this article, we begin with Hirschman's conceptual scheme and show how a good deal of this recent work fits within its categories. First, economists still endorse the *doux commerce* thesis and generally emphasize the positive effect of market institutions on civil society, politics, and culture. We call the modern version of this view the liberal dream. Second, public intellectuals and critics from various disciplines continue to critique the market. The "autodestruction" thesis that Hirschman identified, however, has evolved into more specific claims that markets undermine social relations, corrupt political life, and corrode character. We call this view the commodified nightmare. Finally, economic sociologists have leaned toward Hirschman's third category: markets as relatively feeble compared to culture and society. The dominant paradigm of embeddedness implies that culture and institutions mediate, and often trump, the moral implications (good or bad) of capitalist markets. In this view, markets do not have a moral nature outside the particular social and cognitive arrangements from which they emerge and that sustain them.

Despite the value of Hirschman's framework, we also seek to go beyond it. In his scheme, the causal relationship between the market and the moral order is straightforward. Markets can exert a huge direct effect for good or do tremendous damage. Alternatively, the arrow points the other way, and fragile markets are overwhelmed by the moral order (or, more rarely, nurtured by it). We argue that a body of important work, most of it quite recent, rejects this clean division between the moral order and the market. Instead, research on the classification of exchange relations, the performativity of economics, and the regulation of countries and corporations in the international economy is united by a view of markets as intensely moralized, and moralizing, entities. We suggest that this new emphasis reflects not simply a shift in scholarly fashion, but also trends in the public justification of the contemporary economic order itself.

## CIVILIZING MARKETS: THE LIBERAL DREAM

Economists need no convincing that competitive markets constitute the best possible arrangement for the satisfaction of individual needs and the efficient allocation of resources. Both these arguments were made long ago by Adam Smith and Leon Walras, respectively, and have generally withstood the test of time within the discipline. At both micro and macro levels, so it seems, economic theory elevates egoism to paradigmatic status. "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest. We address ourselves, not to their humanity but to their self-love," wrote Smith (1994, p. 15) in one of the most cited passages of the *Wealth of Nations*. Today, the neoclassical approach that formalized modern economic theory generally posits that individuals maximize their utility in all social relations. Principal-agent theory, for instance, is predicated on the notion that actors will retain information and cheat organizational demands. Public choice theory hypothesizes that corruption, rather than benevolence in some degree, is the natural condition of the government. And an infamous leaked World Bank memo about the comparative advantage of developing economies in attracting dirty industries has become a canonical example of the potential gap between moral questions of justice and cold-blooded considerations of allocative efficiency (*Economist* 1992).

If economists exclusively made narrow claims about the allocation of resources, an article about markets and morals would feature them only as a negative case. Yet the relationship of economic theory to morality is more complex than this. First, economic theory is built on assumptions whose implicit moral content can be drawn out in detail (Hausman & McPherson 2006). Second, and more importantly for our purposes, there is a long tradition within economic discourse of explicit praise for the moral benefits of market society. The precise benefits vary. The *doux commerce* tradition is carried forward by arguments that the market nourishes personal virtues of honest behavior, civility, and cooperation. Others have seen markets as a necessary condition for freedom in other aspects of life, most prominently in politics and in the cultural realm. A final tradition, represented today by the bulk of prescriptive macroeconomics, emphasizes economic growth as a condition for human progress, and it is best encapsulated by Keynes's comment that economists are the "trustees, not of civilization, but of the possibility of civilization."

## A Virtue Ethics of the Market

The reason morality seems a priori irrelevant to economics is that, as Smith discovered, a system may be virtuous and harmonious as a whole no matter how selfish its constituent parts are. But here is the twist: Each individual's hunger for profit will be kept in check by a similar drive among other individuals. Rather than producing ruthless greed, self-interest will tend to make people polite, serviceable, and honest. Thus, Smith (1978, p. 538; cited in Stigler 1981, pp. 172–73) also wrote that "whenever commerce is introduced into any country, probity and punctuality always accompany it . . . . Of all the nations of Europe, the Dutch, the most commercial, are the most faithful to their word."

Markets, then, not only produce economic harmony (the satisfaction of individuals' desires and needs), they also create social harmony. McCloskey (2006) is today perhaps the most prominent defender of the view that markets encourage not only public but also personal virtue. Like other virtue ethicists, she seeks to identify both the virtues that comprise good moral character and the individual habits and social institutions that cultivate such virtues in people. In broad outline, we may contrast this approach with the Kantian and consequentialist traditions, which offer competing theories for judging the morality of actions (whether through the application of deontological principles of moral duty or a utilitarian calculation of the good and bad consequences of one's choices). For McCloskey, markets nurture a long list of "bourgeois virtues," including integrity, honesty, trustworthiness, enterprise, respect, modesty, and responsibility. Commerce teaches ethics mainly through its communicative dimension, that is, by promoting conversation among equals and exchange between strangers. We can bring out the distinctive nature of this view by comparing it with Habermas's (1985) critique of systematically distorted communication. For Habermas, the market is one of the rationalizing forces that inhibit proper, unforced communication between citizens, whereas for McCloskey the marketplace is the fount of habits of civil discourse.

Modern economic theory has room for this kind of argument, but the idea that the market encourages the cultivation of certain virtues (and thus the implication of a fairly thick theory of the individual) has been replaced by the more utilitarian notion that any repeated economic interaction or game makes it rational to strategically develop one's credibility or reputation. In a situation in which economic agents have little, if any, information about one another, honesty is simply good business policy.

## Commerce Fosters Cooperation

The central claim of the original *doux commerce* thesis is that the market encourages civilized conduct. "It is almost a general rule that wherever manners are gentle," de Montesquieu wrote, "there is commerce. And wherever there is commerce, manners are gentle" (cited in Hirschman 1982, p. 107). The same is supposed to be true of relationships between nations. Commercial society makes people more cooperative by binding them to one another, thereby reducing social tensions, although de Montesquieu (1989 [1749], pp. 338–39) noted that this is achieved by creating "traffic in all human activities and all moral virtues; the smallest things, those required by humanity, are done or given for money."

At root, the market creates a bond through the mediation of goods. As Boltanski & Thévenot (2006, p. 48) point out in their discussion of the justificatory logic of market-based arguments, "not only does the establishment of the market bond presuppose that individuals are subject in a concerted way for a common penchant for exchange; it is also sustained by the common identification of external goods. Objects of desire that are fully detachable from the human body and thus suited for use in exchanges, these goods provide the underpinnings for interpersonal relations." The market, then, presupposes what we may call a shared intersubjective orientation (first toward exchange, and second toward goods).

How consequential is this orientation? Most market relations remain anonymous, particularly in modern society. Echoing von Hayek (1945), Seabright (2004, p. 15) argues that the market can be described as human "cooperation with nobody in charge." Still, there is some evidence that this "company of strangers" miraculously produces greater cooperation and even altruism. A series of experiments done in 15 small-scale societies around the world found that in societies with more exposure to the market, people were more generous with exchange partners when dividing money in ultimatum games (Henrich et al. 2004). As for the relationship between market and cooperation between societies, following de Montesquieu, the reigning paradigm in international relations holds that "a civilized nation has to be a trading nation" (Watson 2006, p. 45). Membership in the World Trade Organization, for instance, is widely seen as a sign of civilization [although some scholars dispute that the relation between international commerce and peace holds empirically (Martin et al. 2006)]. Finally, between individuals the civilizing effects of market relations is more mixed: Experimental results (mostly carried out in the developed world) suggest unequivocally that "market-like situations induce self-regarding behavior" (Bowles 1998, p. 89) but also that the market itself may not be the preferred mode of exchange. Social psychologists, for instance, have found that experimental subjects were much happier with reciprocal (i.e., gift-like) rather than anonymous negotiated (i.e., market-like) forms of exchange, even when disparities in power and resources were taken into account (Molm et al. 2006). The structural transparency of negotiated exchanges indeed seems to create a framework in which injustices and inequities are more keenly felt.

In practice, many exchanges defined as formally market-like fall somewhere on a continuum between the paradigmatic poles of direct bargaining and serial reciprocity. The pure, abstract, and anonymous common sense of the market situation is routinely transformed into an actual social relation as people seek to reduce the problems posed by information asymmetries and opportunism. Anthropologists studying local markets have long established that people overcome information problems in practice by personalizing exchange. Most bazaar interactions, for instance, end up transiting through small networks of trusted relations and involve intense bargaining (e.g., Geertz 1978). Sociological analyses of risky transactions, business-to-business relations, and ethnic economies make a similar point (DiMaggio & Louch 1998, Portes & Haller 2005, Whitford 2005). Studies of online markets also offer a striking vindication of this argument. Analyzing the way online traders overcome the problem of trust, Kollock (1999) found that sites such as eBay are replete with conversational features such as bulletin boards and discussion groups, and thereby exhibit a much greater personalization of exchange than one might have anticipated. In the economics literature, by contrast, the tendency is to argue that information asymmetries will either cause markets to fail (Akerlof 1970) or require remediation by some more formal institutional support such as hierarchical organization (Williamson 1985) or state regulation (Glaeser & Shleifer 2003).

## Capitalism Makes You Free

In the postwar period, the most potent argument for market capitalism has come from its association with freedom, whether personal freedom (choice) or political freedom within society. Von Hayek (1944) drew the latter connection with great force. The central organization of production and distribution, von Hayek argued, incrementally leads to the use of coercive measures. Little by little, the implementation of economic planning brings about increased oppression and ends in full-blown tyranny.

Written during the war, at the height of Nazi and Soviet totalitarianism, *The Road to Serfdom* was an instant success and is today one of the best-known social science books of the twentieth century. Yet it was not von Hayek himself, but one of his colleagues at the University of Chicago who popularized the argument that political and economic freedoms are inseparable, thereby reviving the gospel of laissez faire in modern politics. "On the one hand," Friedman (1962, p. 8) wrote, "freedom in economic arrangements is itself a component of freedom broadly understood, so economic freedom is an end in itself. In the second place, economic freedom is also an indispensable means toward the achievement of political freedom."

Two ideas are critical to the liberal thesis as formulated here. The first is that free markets allow needs and desires to be satisfied and therefore help make people happy. Economists have found some empirical support for this assertion. Frey & Stutzer (2001), for instance, show that doing well in the market (in terms of income and employment) does make people happier (although not as much as the ability to participate meaningfully in the political process). A natural corollary is the idea that empowering markets empowers people. Market protection, whether by states or by producers eager to preserve their profit margin, is not only inefficient but antidemocratic as well. Fettering the market prevents people from choosing what they really want. Consumer sovereignty is thus political freedom in another guise. As Lerner (1972, p. 258) argues, "as an economist I must be concerned with the mechanisms for getting people what *they* want, no matter how these wants were acquired. This view I find very close to the idea of democracy or freedom—the idea of normally letting each member of society decide what is good for himself, rather than having someone else play a paternal role."

The second idea is that competitive economic arrangements are the best defense not only against arbitrary interference by the state, but also against the concentration of economic power in the hands of a few. (The two are related by the possibility of political coercion by vested interests.) This is the rationale behind antitrust laws: Market competition can be difficult to maintain in the face of the constant work by market actors to concentrate power to stabilize their environment (Fligstein 1990). Although economists tend to agree that unfair practices by corporations should be monitored, they often differ in their assessment of the severity of the problem and the need for sanctions. Many, in fact, are quite satisfied with a lenient enforcement of antitrust laws and a relatively high degree of concentration in practice (Galbraith 1956), arguing that economic concentration is generally an efficient response to market conditions (Kovacic & Shapiro 2000). But this is not true across the board. Rajan & Zingales (2003) argue that truly free capitalism cannot exist without a strong dose of institutional and political support. (Rajan was appointed director of economic research at the International Monetary Fund shortly after publishing this book.) Free enterprise, they argue, is not the natural state of the economy. Rather, it is "better thought of as a delicate plant, which needs nurturing against constant attacks by the weeds of vested interests" (Rajan & Zingales 2003, p. 277). (This anticipates the feeble markets or voluntarist view we discuss below.) They thus advocate freeing financial markets by opening borders, establishing strong standards of transparency and accountability, and even maintaining a social safety net so that powerful actors cannot exploit economic downturns to restrict competition. Writing for the developing world, they argue that access to finance will empower the poor, allow them to take advantage of opportunities, and thereby keep vested interests in check through the existence of countervailing political power. As for the rich, they will only stay rich if they are able to remain productive and prove their competence time and again.

## Markets Liberate Creativity and Innovation

Curiously, the strongest emphasis on the protean creativity of market systems has often come from outside the mainstream of economic theory. Alongside thinkers in the Hayekian and libertarian traditions, Marx's sketch of bourgeois capitalism in the *Communist Manifesto* and Schumpeter's characterization of capitalism's path of creative destruction are classic versions of this idea, rediscovered by Romer (1986). Market systems are supposed to provide incentives and opportunities for innovation in all sectors of the economy. For our purposes, the close association between aesthetic taste and moral judgment makes cultural goods an important special case of this general argument. Intellectuals have often regarded the market as inimical to high culture and good taste. Following the arguments about choice and freedom discussed above, economists have often rejected such judgments as mere snobbery. But more recently, others have sought to directly refute the charge. If the market can be shown to produce cultural goods of all sorts, and encourage innovation and creativity besides, then an important pillar of antimarket rhetoric will be toppled. Cowen (2002) argues that markets make a staggering variety of work in art, literature, and music available to a wide variety of consumers cheaply. As a consequence, the market exchange of cultural goods (especially in large, globalizing markets) feeds back into the process of cultural production, encouraging the hybridization of genres and the emergence of new forms. In other words, whereas sociologists of culture have emphasized the proliferation of identities and the techniques by which consumption choices act as status differentiators (Bourdieu 1984, Bryson 1996), economists point out that it is the market that provides the very basis for this activity by generating the fecund and varied supply of consumer goods on which the process of distinction feeds.

The *doux commerce* thesis has become the liberal dream of market society, with market exchange variously seen as a promoter of individual virtue and interpersonal cooperation, the bulwark of personal liberty and political freedom, and the mechanism by which human creativity can be unleashed and its products made available to society at large. The story for most economists usually ends there, with minor adjustments—but not for critics, who relentlessly warn that the dream can turn nightmarish on all three counts.

## DESTRUCTIVE MARKETS: THE COMMODIFIED NIGHTMARE

The *doux commerce* thesis argues for the gently civilizing effects of bourgeois commercial activity. The harshest critics of the market present a radically different view. Many of these critiques build on Marx's analysis of alienation and exploitation in the capitalist production process, although others (e.g., Veblen 1994 [1899]) have found capitalist consumption to be just as morally corrosive. These critiques challenge each aspect of the *doux commerce* thesis. Instead of enriching our individual characters, critics argue, markets reduce our justifications for action to the narrowest kind of self-interest. Instead of encouraging cooperation and altruism, they make these impulses unintelligible or crowd out the motivation to engage in them (Frey 1997). Promising liberty they deliver only as much freedom as one's money can buy, and in place of authentic diversity they provide ersatz, commodified alternatives.

### Instead of Virtue, Envy and Wants

People, Veblen argued, do not consume goods to satisfy hedonistic needs, as economists believe, but instead to impress others by demonstrating their wealth. Capitalism thus plays on a debased competitive instinct, inherent to human nature, and pushes individuals, even those with little money, to consume wastefully as a means to acquire honor and reputability. It is a gigantic waste-producing engine, which continuously encourages and supports social rivalry. This drive for conspicuous consumption, in turn, has a profoundly degrading effect on individual judgment and conduct. It transforms the canons of ethics, aesthetic taste, and the sense of devotion by replacing them with a general respect for wealth and pecuniary expense.

Although it would be difficult to find as ferocious a stylist as Veblen in today's scholarly discourse, the substance of his critique persists. The work of Schor, for instance, particularly her documentation of middle-class consumption in *The Overspent American* (1998), echoes *The Theory of the Leisure Class*. Unlike Veblen, however, Schor draws direct political conclusions. Just as class conflict brought about the critique of capitalist production, Schor argues, anxiety over the constant ratcheting of lifestyles, looming indebtedness, and the social and ecological costs of goods ought to generate a potent political critique of consumption. Just as we saw the morally beneficial aspects of markets extolled in terms of both personal virtue and macroeconomic development, the countervailing moral critique also proceeds on both fronts. For example, at the level of personal or family consumption, we see moral critiques of the absorption of childhood and personal identity by the marketing process (Schor 2004), at the same time that activists work to tie corporate brand identities to unfair or exploitative child-labor practices in developing countries (Klein 2002).

Two mechanisms lie behind the social critique of affluence. First—at the individual level—is the competitive instinct emphasized by Veblen and reconceptualized by Bourdieu (1984) as the result of individuals unconsciously positioning themselves vis-à-vis others through their lifestyles. Tastes produce anxiety because of their relationship to the recognition we expect from others. Second—at the macro level—is the acknowledgment that our wants and tastes are not simply internally driven. Lane (1991, 2001), a political theorist, makes a strong case that it is the market that creates wants, rather than the other way around. More generally, critics of the view that markets are the best way to discover and satisfy the latent wants of individuals argue that wants are, in fact, endogenous to market processes. In making this claim, the critical view disputes the economists' case that the preferences of individuals should be treated as exogenous and largely unchanging, with the dynamics of apparent changes in tastes really explained by changes in relative prices and incomes (Stigler & Becker 1977). But it also contests the identification that the economics literature generally draws between want, satisfaction, and happiness. It is not for purely hedonistic reasons that we consume or consume in particular ways. Perhaps the best empirical evidence for this is that the relationship between affluence, choice, and happiness is not at all clear (Easterbrook 2004, Frey & Stutzer 2001, Schwartz 2005).

### Instead of Cooperation, Coercion and Exclusion

Sandel (2000) suggests that ethical arguments against commodification tend to take one of two forms. An argument from coercion claims that market exchanges are often involuntary, and "severe inequality or dire economic necessity" makes a mockery of the formally free nature of market exchange (Sandel 2000, p. 94). Alternatively, an argument from corruption claims that some kinds of goods—especially moral or civic goods, but also, potentially, things such as human organs or embryos—are corrupted or degraded by market exchange. Because of their intrinsic character, some goods ought not to be bought and sold. Another way of phrasing this objection is to say that the market has only one mode of valuing things—price—whereas in reality goods may be valued (and valuable) in ways that price cannot capture (Ackerman & Heizerling 2005, Anderson 1996). Arguments from corruption have stronger implications than arguments from coercion because they suggest that some transactions should never be commodified, even if the exchange partners are substantively as well as formally equal.

We can view Marx's analysis of alienation and commodity fetishism as a distinctive variant of the second kind of argument. In addition to being exploitative, thanks to the private appropriation of the surplus, capitalism for Marx also distorts social relations. The power of money to override the essential properties of individuals and things is central to this process. In a characteristically dialectical contrast, Marx (1992, p. 165) argues that the paradox of commodification is that social relations between persons and material relations between things come to be perceived as "material relations between persons and social relations between things." Thus, whereas in the market's logic the exchanged good is the medium through which the social relation between market actors gets established, in the Marxist framework it is the good itself that is the (crystallized) social relation between actors in the production process.

In contemporary work, the reformatting of traditional social relations that results from the progress of market capitalism has been particularly well analyzed by Bourdieu (2000), who documented the new temporal habits, class, and gender relations that followed colonial Algeria's entry into economic modernity. Elyachar (2005) and Mitchell (2002) have offered sobering accounts of the efforts by well-intentioned international experts to turn developing societies such as Egypt into laboratories of neoliberal capitalism, showing how such innovative techniques as microenterprise and titlization often end up dispossessing the poor further from the few resources they have. The pervasiveness of commodification is well documented (e.g., Strasser 2003), and its potentially corrupting effects are explored in Radin (1996), Hochschild (2003), and Scheper-Hughes & Wacquant (2002).

Arguments in Appadurai (1986) and Zelizer (1988), however, have pushed anthropologists and sociologists away from the idea that the market is a straightforward, irresistible force that reprocesses whole tracts of society into the commodity form. Interestingly, this shift in theoretical emphasis has occurred during a period of undeniable growth in the commercialization of certain goods and services, notably in the areas of domestic labor, care work services, and human goods, such as human tissue and reproductive technologies. The question is less whether commodified exchange is proliferating and more whether this form carries with it a reliably negative set of effects. Recent work tends to be more nuanced in its assessment of the meaning of these trends (Ertman & Williams 2005).

If corruption-type arguments are less in fashion, coercion-type arguments against market exchange have proved more robust. Historically, Polanyi (2001) provided the most forceful expression of the idea that the market thrives on formal equality combined with brutal inequities in practice. Polanyi's work captures the widespread transformation of the moral order that accompanied the rise of modern industrial capitalism. Following nineteenth-century critics, Polanyi emphasized the dehumanizing effect of modern capitalism on personality and social relations, whereby individuals come to be seen as commodities, rather than ends in themselves. The pivotal moment in this "Great Transformation," he argued, was the reform of the English Poor Laws in 1834. This institutionalized the idea of the self-regulating labor market, thereby transforming labor into a commodity and dismissing human solidarity as a legitimate basis for social order.

Two points are worth noting about Polanyi's thesis. First, morality was omnipresent in the debates that led to the Great Transformation: Much of the indictment of the Old Poor Law relief system, which led to the 1834 reform, was formulated in moral, rather than strictly economic, terms. Reformers maintained, in particular, that poor relief discouraged demographic and moral restraint among the poor. Comparing the English episode to the welfare reform of the mid-1990s in the United States, Somers & Block (2005) find a similar ideational story. In both cases, they show, reformers mobilized a perversity thesis, which attributed the blame for poverty to the corrosive effects of welfare policies on poor people's moral character. Welfare support, the argument went, encourages laziness and illegitimacy and prevents any meaningful form of social recognition. By contrast, incorporation into the market encourages dignity, opportunity, responsibility, and social solidarity.

Second, Polanyi's account of the effects of the New Poor Law sharply undercuts the political economists' optimism regarding the causal connection between markets and morality. The 1834 law offered relief below the lowest paid and least attractive jobs available on the market; the poor were confined to jail-like workhouses and segregated by gender. To ensure labor mobility and the free adjustment of wages, it was deemed necessary to make poor relief materially unattractive and morally degrading. Thus, a limited and highly repressive social policy emerged as the natural counterpart of free-market capitalism. A number of scholars of neoliberalism see the same logic at work today, for instance, in the concomitant transformation of economic, social, and penal policies in the modern era. Wacquant (1999, 2007) draws an explicit link between welfare retrenchment, neoliberal economic policy, and mass imprisonment: "[I]n all the countries where the ideology of submission to the 'free market' has spread, we observe a spectacular rise in the number of people being put behind bars as the state relies increasingly on police and penal institutions to contain the social disorders produced by mass unemployment, the imposition of precarious wage work and the shrinking of social protection" (Wacquant 2001, p. 404; see also Western 2006).

## Instead of Freedom, Market Populism

Friedman forcefully argued for the close connection between markets and liberty. One interpretation of this argument is that the market is akin to democracy and allows people to freely express and satisfy their choices. To some extent, this view builds on the American preference for popular taste over highbrow snobbery (de Tocqueville 2003 [1835]). But this ideal of participatory market democracy, critics retort, is a sad parody of true democracy. For instance, Frank (2001, p. 30) analyzes how, during the economic expansion of the 1990s, Friedmanite ideas of market liberalism and anti-elitism about culture were fused with the rhetoric of the new economy to promote the argument that free markets are fundamentally democratic, or rather, that they are democracy: "[S]ince markets express the will of the people, virtually any criticism of business could be described as an act of despicable contempt for the common man."

Frank takes pains to show that this ideology of market populism is not new in America. Much the same thing happened at the end of the nineteenth century. What is remarkable, he argues, is the intellectual unanimity that the equation between the market and democracy has received since the 1980s. (Frank traces this back to the anti-elitist backlash following the post-1960s culture wars.) Magazines celebrate the successes of businessmen as democratic achievements. Business tropes penetrate deeply into everyday life, carried by management gurus, public opinion experts, and marketers of all stripes who extend the paradigm of consumer choice to everything from clothing tastes to policy choices and political affiliations. The language of individualism (i.e., the idea that people make decisions for themselves and that at least in economic matters these are the best decisions) serves as a powerful legitimation for free-market liberalism. The irony is that this profoundly anti-expert, anti-elitist, democratic ideology has its own expert class, its professionals of market legitimation, and has been the vehicle of a class polarization far greater than at any other time since World War II.

Much less polemical but no less trenchant, Thrift, a British geographer, captures the power of the popular imagery of modern capitalism in somewhat different terms. Capitalism, Thrift argues, is an ongoing performance, constantly propped up by theories it tells itself about itself. Again, nowhere is this character more obvious than in the relationship between discursive and material change in the so-called new economy. Echoing Frank's critique, Thrift argues that the rhetoric of the new economy was produced by and for the benefit of a small number of key stakeholders—including, most prominently, what he calls the "cultural circuit of capital": business schools, management consultants, and management gurus. Together with the media, governments, business economists, managers, and the information-technology sector, they feed not only on the fascination that the new economy discourse creates in the public's mind, but also on the frenzy of the profoundly new experiment in capitalism this economy represents and carries out through a widespread expansion of its financial audience. As Thrift (2005, p. 112), citing Komisar, puts it: "[I]t's the romance that produces the finance that makes the business worth pursuing." The intellectual move in these works is similar—except Frank treats the logic at work in the neoliberal market as a travesty of true freedom and real democracy, which only serves to further political alienation and economic dispossession, whereas from Thrift's more postmodern stance the question of truth is somewhat beside the point.

## Instead of Creativity, Copyright

The counterpart to the thesis that markets enhance cultural creativity and innovation is the claim that markets instead cater to the public's most basic shared tastes, driving out personal style and eliminating diversity. Adorno & Horkheimer's (2002) critique of the culture industry as "mass deception" is the classic articulation of this view. Under capitalism, they argue, the production of culture is organized in an industrial manner and follows the logic of profit rather than aesthetics. Cultural objects are designed to provide instant and easy gratification to those who consume them. In addition to being of poor quality, they rely on a form and substance that are not conducive to critical thinking and thereby ultimately help reproduce the status quo. Cowen's (2002) description of the modal Hollywood blockbuster as formulaic, focused on action (rather than dialogue), and unchallenging fits this description quite well.

The Frankfurt school's thesis had fallen out of favor by the 1970s, but received renewed attention with the explosion of the literature on globalization. In a manner similar to Horkheimer and Adorno, critics like Jameson (1991) emphasize the idea that the free trade of goods and ideas leads to standardization in cultural practices on a world scale, dominated by American images, products, and models. Against the arguments put forward by economists, many also show that the supposed diversity of modern consumption is deceptive and nourishes a debilitating obsession with choice, which only breeds anxiety and dissatisfaction (Schwartz 2005).

Rather than freeing up creativity, then, the market would artificially constrain it. It may even block it altogether. A good example is the recent expansion and strengthening of intellectual property rights since the 1980s. The tremendous cultural vitality of capitalism, scholars have argued, is based on its ability to draw from a vast cultural commons of freely available material and the capacity to balance the need for this commons with incentives for individuals to innovate (Lessig 2004, Vaidyanathan 2003). The rise of restrictive copyright laws threatens to dam up the streams that replenish this reservoir of commonly shared material. A world with highly restrictive property rights on cultural goods might well come to have the kind of atrophied culture envisaged by the Frankfurt school. But this would be caused not by the mechanical (or digital) mass production of cultural goods, nor their distribution via the market, but by restrictions governing the use of these products in the creation of new cultural forms. As with the concentration of ownership and the wave of corporate mergers, critics of the market argue that although markets promote cultural innovation and creativity in principle, in practice they may well lead to the opposite result.

## FEEBLE MARKETS: SHACKLES AND BLESSINGS

The liberal dream and the commodifying nightmare views share the conviction that, for good or bad, markets have astonishingly powerful effects on the social order. Against this, the axial position in economic sociology is that markets are not such powerful institutions after all. Perhaps as a result of efforts to distinguish itself from both promarket enthusiasts and Marxist or Veblenian critics, economic sociology has consciously avoided taking an explicitly normative position on the market as such. Following the terms of the debate as set by economists (Fourcade 2007, Zelizer 2005b), the field has emphasized questions of market structure and economic development over questions of moral order. The latter only come up to the extent that economic sociologists have sought to evaluate the contribution of a country's (or a region's) culture and institutions to the performance of its markets, sometimes with an explicitly prescriptive angle. The theme throughout is that markets are embedded in, entangled with, or otherwise dependent on other parts of society (Beckert 2002). Hence, the problem of moral order remains relevant, but as an independent rather than a dependent variable. This is much in line with what Hirschman calls the feudal shackles/feudal blessings thesis, the idea that the development of markets depends on the institutional legacies of the past. We refer to contemporary scholarship in this vein as promoting the feeble markets thesis, and we argue that it comes in three main variants: (*a*) From a realist view, capitalism thrives in certain cultures, whereas other cultures remain stuck; (*b*) in a voluntarist understanding, the conditions that will help capitalism thrive can be implemented as a package by way of political intervention; and (*c*) from a differentiated perspective, capitalism follows different paths in different places.

## The Realist View: Cultural Legacies

Weber's studies of the relationship between religious doctrines and economic life are a classical source of the claim that culture has an independent effect on economic organization. Each world religion, Weber argued, has a particular economic ethic associated with it—that is, it encourages or discourages a particular set of economic practices in everyday life. But the relationship between religion and the economy is not straightforward. For instance, Weber (1958) was careful to show that the rational search for profit he observed among the protocapitalist Calvinists did not follow logically from their religious worldview. Rather, their actions made psychological sense as a way to relieve the salvational anxiety their harsh religious doctrines tended to produce. By contrast, Weber argued, the religions of Asia could not independently help evolve capitalistic attitudes (still, he believed these regions were perfectly capable of assimilating capitalism once it had developed elsewhere). Although Asian soteriologies shared ascetic Protestantism's commitment to self-control, they were directed at a contemplative withdrawal from the everyday world. These beliefs inhibited the development of the vocational conception of economic activity that was critical to the rise of rationalized capitalism in the West (Weber 1951).

In light of modern scholarship on comparative religion, Hamilton (1994, 2006; also see Hamilton & Biggart 1988) reformulates the Weberian argument by focusing on the way civilizational (and particularly religious) elements came to shape the structure of authority in different cultures. In the West, the Protestant heritage means that individual compliance to authority relies mainly on self-control. In the Confucian world, by contrast, compliance to authority relies on obedience to a higher order. Hence, whereas the West came to place a high value on individual jurisdictions (e.g., individuals are granted the active mastery of their world), in China the emphasis was on individuals adjusting to the world by finding their place in a harmonious status ordering of roles. For Hamilton, however, this political-cultural trait suggests a different path for China into capitalism, through filial piety and familial enterprise, rather than an intractable cultural obstacle.

Even close followers of Weber—Hamilton or Collins (1997) for example—do not argue for the strong thesis that major religious ethics such as Confucianism or Buddhism are antithetical to the development of capitalism. Most sociologists today subscribe to the differentiated view we discuss below. By contrast, economists' understanding of the effect of culture on development has been more rigid and realist. Landes (1998), for instance, makes the bold argument that industrial revolutions are unsustainable without certain cultural traits, which he thinks of as norms that express themselves in personal virtues. The argument has some qualifications, but nevertheless, "if we learn anything from the history of economic development," he argues, "it is that culture makes all the difference" (Landes 1998, p. 516).

The work of another economist, Greif (1994, 2006), stands out as a sophisticated attempt to delineate the microlevel mechanisms whereby cultural worldviews give rise (or not) to market institutions. In his comparative study of commercial life in the late medieval period, Greif contrasts the socially heterogeneous makeup and individualist culture of Genoese merchants with the mechanical solidarity and collectivist culture of Maghribi traders. Using a game-theoretic approach, he shows how different expectations with respect to others' actions in each cultural context shaped principal/agent relationships, attitudes toward the circulation of information, and sanctions for deviant behavior and—ultimately—gave rise to divergent paths of economic development. Greif argues that the two groups evolved different economic systems as efficient responses to the problem of moral hazard under strong cultural constraints. The alternative institutional solutions, however, were not equal in terms of their economic performance in the long run. Whereas the Genoese traders and their Western descendants could capitalize on the blessings of formal contracting and go on to dominate the world, the Maghribi traders and their successors in the developing world, although fairly efficient at home, got stuck by the shackles of informality and highly personalized social relations and were unable to extend their trading activities.

What these views have in common is the argument that the moral order of societies constitutes a precondition for the development of market capitalism, although the mechanisms can be quite different—psychological in Weber's case, rational and game theoretic in Greif's. But the point is that capitalism thrives in certain cultural contexts and stumbles in others.

Finally, others have extended this argument to sticky institutional legacies whose effects hamper the development of efficient institutions. Since Evans (1989) popularized the distinction between predatory and developmental states, for instance, scholars across the social sciences have attended to the effect of political structures on economic development or failure. Among the best in this vein in economics is an influential article by Acemoglu et al. (2001), which demonstrates the long-lasting impact of the worst, extractive type of colonialism (in which colonizers economically exploit the colony but do not themselves settle there) on the quality of contemporary economic and political institutions and thus economic performance.

## The Voluntarist View: Good and Bad Institutions

The position that there are right and wrong institutions when it comes to the development of markets has been a powerful instrument in the hands of would-be advisers to economic policy makers. Among the best practice, market-friendly institutions economists have variously identified are strong property rights (De Soto 2003, North 1990, North & Thomas 1973), a common law system (La Porta et al. 1998), well-developed and transparent financial markets (Rajan & Zingales 2003), and specific models of corporate governance (Hansmann & Kraakman 2001). Realists and voluntarists differ mainly in their degree of optimism about the malleability of pre-existing economic, social, cultural, and political conditions. For voluntarists, the set of right institutions for growth and development is available as a package to be implemented more or less anywhere, perhaps with a few small tweaks to adjust for local idiosyncrasies. Realists, by contrast, believe that success depends on some key institutional or cultural ingredients but are more likely to emphasize the burden of history or the inescapability of basic aspects of a society's culture. Roland (2004) recently brought this debate home in economics by establishing a distinction between slow-moving (e.g., culture, social norms) and fast-moving (e.g., legal systems or electoral rules) institutions. A sharp critic of the "shock therapies" applied in Eastern Europe and Russia, he argues that the interaction between the two types of institutions explains why "the transplantation of 'best practice' institutions (or 'institutional monocropping') does not work.... Countries with different cultural and historical paths must find within their slow-moving institutions the roots for changes in their fast-moving institutions" (Roland 2004, p. 120).

Such arguments point toward another form of voluntarism. If economic voluntarism often amounts to a naturalization of American models as best practice institutions, sociological work provides a good illustration of a softer, or hybrid, form of voluntarism, which relies more explicitly on the detailed knowledge of local institutions and culture. In his influential statement on industrial strategies in Third World developmental states, for instance, Evans (1995) argues that a successful industrialization must rely on a combination of state capacity (e.g., a cohesive and legitimate bureaucracy, autonomous from political pressure) and a working connection between public administration and private capital. Criticizing not only the state-bashing proclivities of much of contemporary economic advice, but also what we may call the statist fervor of the earlier developmentalist literature, he shows that "state capacity without connection will not do the job" (Evans 1995, p. 244). Chibber (2003) complements this argument by suggesting that state autonomy is insufficient in another way: If the culture of bureaucratic rationality is squandered in the competitive process among state agencies with no proper disciplinary oversight, development strategies are unlikely to be successful. Finally, Evans (2004, p. 31), making an argument somewhat similar to Putnam's (1993), has recently suggested a further mechanism for improving economic performance, "deliberative institutions founded on a thick democracy of public discussion and exchange," for which he finds empirical illustrations in the state of Kerala, India, and in the city of Porto Allegre, Brazil. The key, then, is the combination of a voluntarist principle having to do with the general form of political and administrative institutions (embedded autonomy, bureaucratic cohesiveness, deliberative democracy) and of the sociological attention to its specific articulation within the local context. Once these general principles are established, indeed, the range of possible blueprints remains quite open.

## The Differentiated View: Varieties of Capitalism

In contrast to both realists and voluntarists, a third group of scholars argues that the range of viable pathways to growth is in fact quite wide. Some version of this more differentiated view is the dominant position within sociology. For our purposes, its proponents can be distinguished by how close a causal connection they see between institutions or culture, on the one hand, and economic growth, on the other. Some argue that different cultures or institutional configurations directly support different types of capitalisms or industrial strategies. How many types is a matter of debate. Hall & Soskice (2001) posit two basic varieties of modern capitalism (liberal and coordinated, modeled after stylized versions of the United States and Germany, respectively), each of which is organized around complementarities among the different institutional domains and is capable, in its ideal typical form, of yielding high growth rates. Others (e.g., Amable 2003) see a broader range of possible institutional combinations and economic outcomes.

At the opposite end of the scale are those who see a much weaker link between cultural and institutional arrangements and economic performance. Dobbin's (1994) comparative analysis of the development of the railway sector in the nineteenth century is a paradigmatic case. In their efforts to achieve economic growth, he argues, public officials in three countries chose different paths because of their different moral perceptions about how to maintain social order. In the United States, they strove primarily to protect community self-determination and prevent public corruption; in France centralized coordination by the state was deemed necessary to avoid logistical chaos; and in Britain they were concerned with protecting individual sovereignty.

Three different economic orders emerged in these countries, each efficient at performing some tasks and less so at performing others. All three of these orders could plausibly be understood as rational responses to the way these officials perceived the problems to be solved and the ultimate goals of their action. That each country built a functioning national railway network was taken, by those involved in each case, as a confirmation of this point. For Dobbin, the performance of the railway networks he studies is of interest mainly in a negative sense: Despite their differences, all did well enough to justify their planners' faith in them, which helps reject the hypothesis that some basic competitive laws described the development of each system.

It is not just sociologists of culture who are skeptical of strong claims about the economic efficacy of institutional arrangements, however. Advocates of multiple paths such as Hall and Soskice argue that there is more than one way to organize an effective, productive economy, but they retain the conviction that there is a relatively tight connection between institutional coherence and economic performance. Like Hall and Soskice, Kenworthy (2004) argues that different sorts of capitalisms can thrive without having to converge on a single model in the long run. But, like Dobbin, he is not convinced that the link between institutional complementarities and economic performance is tight. Policy options typically presented as economically inevitable trade-offs are in fact more similar to political choices that might or might not be pursued without strong effects on economic performance. Dobbin sees this decoupling as evidence that differences between models of political order drown out the effects of economic laws, whereas for Kenworthy it provides opportunities to implement alternative social policies without the fear of crashing the economy.

On its face, the feeble markets view cannot match the liberal dream view for zealous advocacy nor the commodifed nightmare view for damning critique. Yet a reading of this literature makes it clear that each of the realist, voluntarist, and differentiated views is often proposed as a moral or ideological project. Most realist readings are the latest version of the long-standing idea that "West is best." Optimistic voluntarists urge that the kingdom of God lies within us, requiring only the right ingredients and the political resolve to put a plan into action. And the differentiated view amounts to a robust defense of alternative models of economic success: A thousand flowers—or some number between two and seven—ought to be allowed to bloom.

## MORALIZED MARKETS: MARKETS AS SCIENTIFIC AND MORAL PROJECTS

Hirschman identified a progression in intellectual history from *doux commerce* arguments to autodestruction to feudal shackles (or blessings). We converted this sequence to a typology and used it to organize our discussion thus far. In the spirit of Hirschman's historical perspective, we link classic statements of each view to counterparts in the contemporary literature, while emphasizing that the three positions have differentiated internally or shifted their emphasis over time. In broad outline, however, a picture of how the separate worlds of the market and the moral order interact is clearly visible within each view. In the *doux commerce* and corrosive market versions, the causal line runs strongly from market to morality, for good or bad. The feeble markets view is more sanguine. Different social and moral orders may foster the market or inhibit it, or simply give it a particular local flavor.

Are these the only choices? We think that a body of recent work strikes out in a new direction, one not so well captured by Hirschman's typology. Its characteristic move is to argue that markets are culture, not just because they are the products of human practice and sense making (Abolafia 1997, Knorr Cetina & Bruegger 2002), but because markets are explicitly moral projects, saturated with normativity. We see three areas in which this idea is being developed. First, there is the role of markets in the creation of moral boundaries between persons or societies. On the surface, this work recalls McCloskey's arguments about the bourgeois virtues or Friedmanite arguments about the importance of markets to individual liberty, but on the surface only. The sociologists we discuss below are typically concerned with the social sources of moral ideas and not the development of a positive moral theory. Second, at the level of particular markets, sociologists of science have begun to treat the social technologies of market making in the same way that they examine life in laboratories. In this work, the persistent tension in economics between normative and descriptive theory is shown to be resolved in practice through the development of social technologies that bring the behavior of markets in line with the demands of the theory. Third, at the macro level, economic rules turn out to be filled with explicit moralizing, whether concerning the creditworthiness of nations, their degree of corruption and cronyism, or the extent of corporate social and environmental responsibility. All these approaches aim to show that market exchange is saturated with moral meaning—that is, that it involves more or less conscious efforts to categorize, normalize, and naturalize behaviors and rules that are not natural in any way, whether in the name of economic principles (e.g., efficiency, productivity) or more social ones (e.g., justice, social responsibility).

## Markets and the Making of Moral Persons

Anyone who has read *The Protestant Ethic and the Spirit of Capitalism* knows that in modern societies money is central to the evaluation of the moral worth of individuals. The careful management of one's wealth is not just economically rational but an index of one's moral responsibility. The earmarking of money for different social uses relies on, and supports, systems of moral classification (Zelizer 1994). Similarly, different kinds of payments (piece rates, wages, salaries, stock options, and so on) do not simply reflect specific incentives or bear only a technical relation to the work being paid for. They also incorporate specific status signals, cultural representations (Biernacki 1995), and codes of moral worth. We can clearly see this moralizing aspect of payment systems, for instance, in research on the evolution of welfare provision. Cultural categories of worth are institutionalized in systems of benefits and entitlement (Mohr 2005) and provide the basic set of meanings and tropes available to actors seeking to reform or reorganize existing arrangements (Steensland 2006).

The same processes can be seen within kinds of market exchange as well as at the border between market and nonmarket activity. In fact, the intertwining of market activity and moral valuation is so pervasive that recent studies have argued that the image of a clean division between market and nonmarket spheres is of limited utility. Zelizer's work consistently emphasizes how markets and moral boundaries shift and recombine in practice. Her early study of life insurance (Zelizer 1979) showed how sacrilegiously profiting from death could be recategorized as a morally responsible form of investment, with the help of deliberate efforts to ritualize the purchase of insurance at the same time as marketizing it. In this case, she illustrates that successful commodification (the spread of the insurance market) requires substantial moral and cultural work. Her subsequent (Zelizer 1985) analysis of the elimination of the child labor market in the late nineteenth century shows a similar process of sacralization moving in the opposite direction, as children were removed from the market and became priceless objects of sentiment. Most recently, Zelizer (2005b) has examined the careful ways that different kinds of intimate relationships are differentiated from one another. She emphasizes the crucial role monetary exchanges play (as they are interpreted, variously, as payments, gifts, or entitlements) in defining and signaling the substance of particular social ties.

Collins (2000, p. 18) argues that Zelizer's work shows how superficially homogenous markets often disguise quite separate "restricted circuits of exchange" (Zelizer 2005a), in which prices and money carry particular information about the moral status and social positions of participants. From this point of view, markets cannot be conceived as morally improving institutions in the sense put forward by McCloskey. But they play a powerful moralizing role in practice by defining categories of worth and, through variation in the form and timing of payments, signaling the kind of transaction taking place. For instance, Velthuis (2005) provides a detailed study of the highly symbolic nature of prices in the art market. The division between art and money is reflected in the physical structure of galleries (art at the front, commerce at the back). Understanding the price of a piece of art depends on knowing many other facts about the social organization of the art world. Prices for art vary depending on whom artworks are exchanged with, as practices of discounting serve to mark particularistic relationships between dealers. The pricing of art itself is a highly scripted process, dependent on the position of dealers, the setting of the sale, and narratives about the arc of the particular artist's career.

The approach is broadly Durkheimian. Morality does not refer here to some universal ethical standard; rather, it means what a society, or a group, defines as good or bad, legitimate or inappropriate. The moral valuation or appropriate classification of particular goods, or even of the market itself, is therefore not fixed but empirically variable. From this point of view the study of exchange relations brings about an analysis of how moral categories (defined in this sociological way) are formed, contested, and transformed. Zelizer's approach allows for considerable analytical nuance, for example, in her readings of the complex fights—often played out in legal cases—through which people seek to define transactions as falling into one category or another, depending on the sort of people and types of relationships involved. This focus on conflict over meaning opens the prospect of linking local battles over particular transactions with large-scale shifts in categories of worth, something that Zelizer does not deal with directly.

The appropriate classification of goods (as exchangeable or not, as gifts or commodities, and so on) is often the subject of conflict. Objects or relationships may move back and forth across boundaries in response to technological change, the mobilization of interested groups, or the efforts of moral entrepreneurs. For instance, blood donation shifted from a gift-based to a partially marketized system and back again in the United States between the 1960s and the 1980s, whereas the status of organ donation is presently highly contested, with both supporters and opponents of market exchange claiming that theirs is the properly moral position (Healy 2006). The successful classification of certain exchanges as gifts may act as a channel for power or exploitation as easily as the process of commodification. Feminist scholars have argued this is often the case for many sorts of care work (Folbre & Nelson 2000). How gift and market exchange relate to moral worth is, ultimately, an empirical question.

Declaring that moral boundaries are sociological phenomena does nothing to resolve practical struggles over their definition. What makes the question of the relationship between markets and morality particularly difficult to study from this dispassionate viewpoint is that—as we demonstrate in the first and second parts of this review—social scientists have themselves been deeply involved in the moral evaluation of markets and their alternatives. Critics remind us that the market is a profoundly political institution and routinely use the language of commodification and power to convey moral outrage. Advocates of markets deny this and suggest more or less explicitly that the rationale of the market is deeply ethical, either because efficiency itself is a vital moral criterion or because the market enables some other, higher principle to be fulfilled. It is in this agonistic sense that markets participate in the construction of categories of moral worth. People constantly mobilize moral principles and views of the common good to talk about the effects of market processes (Boltanski & Thévenot 2006, Lamont & Thévenot 2001). As such, markets are the site of moral conflicts between social actors committed to different justificatory principles and the locus of political struggles between various interests (Fligstein 1996, Schneiberg & Bartley 2001, Yakubovich et al. 2005). This heterogeneity should not blind us to the fact that some actors are considerably more powerful than others, just as some justificatory logics (and the economic technologies associated with them) are more effective instruments than others in practice. The logic of efficiency seems to depoliticize social relations, for example, by masking the political conflicts inherent in many kinds of economic policy, and this apparent objectivity helps reinforce its legitimacy (Amable & Palombarini 2005).

## Economists and the Construction of Calculative Agencies

The view of markets and morality discussed above is necessarily reflexive. It acknowledges that all social actors, including social scientists themselves, participate in the process of defining markets as moral things. Social scientists draw on various forms of evidence to weigh in on the moral evaluation of markets, define the categories through which we understand market processes (e.g., public/private, rational/nonrational), and help frame the policies that apply to them. Their arguments are reproduced in the broader public sphere and implemented in policy.

More than any other academic professionals, economists actively shape market institutions. Partly this is because economists are less embarrassed by beliefs about the rigidity of institutions and culture, as we suggest above. Constantly solicited for their expertise, economists have taken the lead in institutional design—i.e., in providing recipes for creating a framework for national development, corporate management, or organizational reform. As such, their contribution to the production of particular moral understandings and behaviors deserves special scrutiny, hence the relevance, for our analytical purpose here, of the recent science-studies literature that preoccupies itself with whether, and how, economists (and economic models) make markets, or, rather, make markets work as they should. (See Callon 1998a, Callon & Muniesa 2005, MacKenzie et al. 2007 for general statements. For more specific studies, see Beunza & Stark 2004, MacKenzie 2006, Zaloom 2006 on finance; Mitchell 2005 on land titles; and Guala 2001, Mirowski & Nik-Khah 2007 on auctions.)

Much of this work tries to demonstrate or critically evaluate what Callon (1998b) calls the "performativity of economics." This is the idea that economic technologies do not just describe the world, but are profoundly involved in shaping it—to the point of making real agents behave in the way theory says they should. Economics' emphasis on incentives, for instance, is explicitly directed at aligning the behavior of actors (whether individuals or corporations) so they will perform a desired outcome, not out of compliance with a coercive order, but simply out of self-interest. In a world saturated by economic thinking, actors are thus progressively turned into calculative agencies. *Homo economicus*, as Callon (1998b) puts it, is "made flesh" by economic technologies; economic models, formulated through a process of abstraction and disentanglement from reality, thus get entangled again.

As MacKenzie (2006, pp. 15–25) notes, however, the concept of performativity allows for both weaker and stronger interpretations, and the stronger the interpretation, the harder it is to show conclusively. He distinguishes three kinds of performativity, in increasing order of interest. With generic performativity, the concepts and language of economics are used by participants in the economy. Effective performativity happens when the tools of economics materially affect the outcome of the process. The strongest case is Barnesian performativity (after Barnes 1988), when enacting the theory or model alters the economic actors or process "so that they better correspond to the model" (MacKenzie 2006, p. 19).

Clearly, under empirical scrutiny, weaker varieties of performativity might easily be mistaken for stronger ones, and the weakest, generic sort might just be window dressing for processes that might have happened anyway. Here students of performativity echo their origins in the sociology of science. Research in that field has been criticized for equivocating between strong claims about scientific knowledge that turn out to be false (or hard to establish) and weaker claims that are sustainable but much less interesting. The methodological reaction of the performativists is similar to the response within science studies: emphasize the incorporation of theoretical principles not just in the minds of actors, but also in the "algorithms, procedures, routines, and material devices" (MacKenzie 2006, p. 19) used in the field. In response to critics (Miller 2002), Callon (2005, pp. 1–4; see also Callon & Muniesa 2005) makes the same point: "Talking of the performativity of economics means . . . that concrete markets constitute collective calculative devices . . . . These agencies, like Hobbes' *Leviathan*, are made up of human bodies but also of prostheses, tools, equipment, technical devices, algorithms, etc."

This (mostly European) work on performativity connects with two lines of (mostly American) sociology focusing on how categorical consistency and comparability are achieved in practice. First, the social technologies of performativity are related to the techniques of quantification and commensuration reviewed in Espeland & Stevens (1998) and analyzed in, for example, Carruthers & Stinchcombe (1999), Sauder & Espeland (2006), or Chan (2004). Second, the way in which these technologies disentangle objects recalls White's (1992, pp. 12–13, 180–84) notion of decoupling, in which agents simplify their settings and (in the process) achieve comparability between identities or products. Economic sociologists in the network-structuralist tradition have drawn on White's ideas to show the costs (in terms of status or legitimacy) to actors or products that are not easily compared to others or cannot be located in an available category (Podolny 2005, Zuckerman 1999). Across these research programs, we repeatedly encounter the idea that practical techniques for quantifying, commensurating, or screening create and sustain stable categories that then legitimate statuses, which in turn allow for stronger moral regulation of the actors being categorized—a reentanglement.

## The Governmentalization of the Economy?

Economic exchange and policy making are saturated with moral statements. Today, concepts such as transparency and corruption, and the complex techniques that perform them, are routinely used to monitor corporations, international institutions, and even countries. In both their commonsensical and more elaborated forms, ideas about fair prices, fair wages, fair competition, and now fair trade are predicated on moral views about what things are really worth or how much power is too much. The conditions under which certain economic behaviors will be defined as moral or immoral are always social—even when they are rationalized and formalized by expertise. Japan before World War II, for instance, did not view cartels as illegitimate arrangements. To the contrary, they were perfectly normal modes of operation in a business world dominated by networks of mutual obligation (Gao 2001). What has changed between then and now is that such practices have been redefined as illegitimate by experts acting in the name of a different value: efficiency.

Similarly, few people cared about coffee-growing practices just a few decades ago. Now these practices are classified as either conventional or ethical. The latter are the target of strict standards of certification and even claim a separate market. Consumers, business actors, and policy makers have at their disposal elaborate technologies and theories to define the moral criteria against which prices and wages are compared, the degree of competitiveness in a particular industry is evaluated, and the extent of corruption in a nation is measured. Clearly, it is time to combine the analysis of the moral discourses reviewed above with arguments about their cultural basis and the performative techniques that enact them. In this way, we see how markets are being actively moralized by the deployment of practical techniques, whether self-consciously (as in the case of social responsibility) or in the name of neutrality and objectivity (as in the case of efficiency). Indeed, many of the perspectives discussed above can now be understood not only as discursive arguments about the market, but also as practical *dispositifs* (to use a Foucauldian term) that work to bring markets in line with moral ideals so the processes that go on inside them can be regarded as legitimate (Seabrooke 2006).

As demonstrated above, much of the rationalization and moralization that takes place is dominated by economists and often relies on the elevation of purely economic criteria such as efficiency or profit making to the status of a moral rule. The proliferation of agencies that monitor the behavior of individuals, corporations, or nations with respect to debt, transparency, or honesty is an intensely moral project carried out in the name of rationalizing and expanding economic exchange and democratizing society. (Political and economic liberalism are often two faces of the same cultural process.) The neoliberal economy is thus a governmentalized economy (Foucault 1979, Gordon 1991, Rose & Miller 1992)[1] shaped by a myriad of surveillance organizations entitled to (but also with obvious material interests in) the rational application of technical means to govern the conduct of economic actors—be they small or large. Recent research thus elaborates the dramatic expansion of individual credit reporting (Guseva & Rona-Tas 2001), the new politics of transparency (Best 2005), the rise of corruption ratings (Bukovansky 2006, Larmour 2006), accounting techniques (Miller 2001), financial analysis (Zorn et al. 2004), and bond rating (Sinclair 2005). These are not only informational devices that grease the wheels of commerce, but profoundly disciplining ones as well. Indeed, consistent with the original Foucauldian concept, the diffusion of these procedures embodies a profoundly new sociopolitical view in which the behavior of actors is regulated internally through self-monitoring, rather than externally through coercion.

As mentioned above, not all economic governmentalization has its origins in the economy. For instance, new systems of private regulation via certification have also emerged as a consequence of bottom-up protests by social movement activists working within the prevailing neoliberal climate to extend the notions of accountability and transparency to corporate policy on environmental and labor questions (Bartley 2003, Goldman 2005). Obviously, one can see these developments as motivated solely by narrowly economic considerations: After all, ethics is good business, too, both for those who comply (e.g., the rise of organic farming) and for those who impose the standards (e.g., the expansion of certifying agencies). However, to reduce the moralization of markets to economics would be to miss entirely the meaning and shape of the moral enterprise at work and its profound difference from earlier eras, in both institutional structure and direction.

## MORALITY AND MODERNITY

Models of economic development and organization always rely on particular understandings of the basis of the moral order that get universalized through hegemonic

[1] Foucault named this phenomenon but did not analyze specific instances or mechanisms in detail (Gorski 2003, pp. 24–26).

processes (Bourdieu & Wacquant 1999). No such model, then, is ever free of moral judgments. Still, these judgments may be articulated more or less openly, or simply remain buried below the surface of material relations. A number of authors (e.g., Best 2005) have suggested that the current period is unusually rich in explicit moral statements (most of them about self-control and self-regulation) that support the neoliberal project, in international economic relations and elsewhere. The discourse of the market is increasingly articulated in moral and civilizational terms, rather than simply in the traditional terms of self-interest and efficiency. There is a sense in which technocratic expertise is no longer sufficient to generate legitimacy and that it must be shored up by loftier ideals and practices. In our effort to understand this phenomenon, we should perhaps take a cue from Bourdieu's (1977, p. 169) remark that the "arbitrary principles of the prevailing classification" never need as much explicit articulation as when they come under direct attack, as the neoliberal project has in recent years. In such circumstances, these principles are defended by condemning alternatives (e.g., tampering with property rights) as morally evil.

The obvious corollary to this argument is what Polanyi (2001) called the "double movement," that is, the societal backlash against the advance of self-regulating markets. Many of the social movements that articulate a critique of the modern economy may be understood from this point of view, for instance. The systemic demand for legitimacy may even help fuel these reactions in an effort to encompass them (see, for instance, the rise of green neoliberalism at the World Bank in Goldman 2005). But it is important to remember that the ways in which these heterodoxies get formulated, transposed, and implemented are themselves constrained by the existing institutions and the rules of the game, in which they are inevitably embedded and on which they sometimes directly depend. The result is that much of their critique of the existing economic order is itself technified and commensurating, diffused across a wide range of governing institutions, and often premised on self-disciplining—in other words, it is no less governmentalized a vision of the moral order of the market than the prevailing view it opposes.

In summary, for most of its history, intellectuals have variously praised, reviled, or downplayed the moral consequences of market capitalism. These positions remain well represented in today's literature. Still, the distinctive quality of contemporary scholarship is that it goes much further in opening the black box of morality and dissecting the cultural and technical work necessary to produce, to sustain, or—conversely—to constrain the market. In doing so, it also reveals the role social scientists play in this process. As the last section of the paper suggests, continuing this task, then, implies a reflexive approach, in which theorists in economics, political science, and sociology critically consider their own participation in the definition of the market's moral categories and in the construction of competing moralizing instruments and techniques.

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