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disClosure 24
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**David Luke**, a native of Grand Rapids, Michigan, attended Grand Valley State University and earned bachelors degrees in Accounting and Sociology, subsequently working as an accountant and earning his Certified Public Accountant license. David returned to school to study sociology and earned his Masters degree in 2012. He is currently a PhD candidate in sociology and has a number of research interests including race & ethnicity, social inequality, and the sociology of work and organizations. He is the co-author of *The Causes of Structural Unemployment: Four Factors that Keep People from the Jobs They Deserve*. His dissertation research concerns affirmative action and diversity programs in higher education and employment.
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Gordon Lewis Ulmer is a PhD candidate of anthropology at The Ohio State University. Since 2008 he has been documenting the role conservation-based labor plays in the lives of local and migrant workers in the Peruvian Amazon. His doctoral research examines the material, social, and cultural outcomes for households that depend on livelihoods in both natural resource extraction (e.g., logging and mining) and biodiversity conservation (e.g., ecotourism and park guarding).

James A. Wren has spent much of the last decade confronting the creative process. He holds a PhD in comparative literature from The University of Washington, a DPhil in modern Japanese literature and cultural studies from Niigata University (Japan), and a DSc in immunogenetics and Silk Road Studies from The Chinese University of Mining and Technology (P.R.C.). Hitherto, he pursued a career in medicine, before moving into literature and language at Rhodes College and The University of Hawai’i and has widely published in the areas of modern Japanese and Indonesian literature, as well as in Pacific Island Studies, medical history and narrative theory.
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Grace Cale is a doctoral student in Sociology at the University of Kentucky. Her comparative-historical research of politics and economics focuses on neoliberalism and financialization. She is particularly interested in exploring how a mix of quantitative and qualitative research methods can trace the development of these phenomena and their effects on diverse types of inequality.

Lydia Shanklin Roll is a doctoral student in Anthropology at the University of Kentucky. Her research, situated in Istanbul, Turkey, examines what Kurdish university students’ narratives about ethnicity and the state can reveal about the ways that claiming collective ethno-linguistic identity categories and temporality may intersect within an ethnically assertive state.

Andrew Beutel is a PhD candidate in English at the University of Kentucky. His areas of specialization include twentieth century British literature, modernism, the philosophy of history, and critical theory. He is particularly interested in how the aesthetic and spiritual visions of modernist writers emerged from and responded to a post-Christian world.

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Delmar Reffett is a PhD student in the English Department at the University of Kentucky. His research develops insights of psychoanalysis and Frankfort School theorists towards understanding literary aesthetics, particularly those involved in the literature of Britain’s Modernist period. He is currently working on an account of the modernist novel that makes use of the Freudian notion of “the Death Drive.”
Ashley Ruderman earned her certificate in Social Theory in conjunction with her MA in English at the University of Kentucky. She is now a PhD student in Gender & Women’s Studies. Ashley’s research attends to the complexities of passing, particularly LGBTQ passing, in American culture.

William Stroupe is a J.D. student at Georgetown Law who holds MAs in French and Diplomacy & International Commerce from the University of Kentucky. His research examines the international legal theory of state sovereignty and the construction of the "society of states" through a postmodern lens.

Kiara Wessling
Editors’ Preface
Grace Cale and Lydia Shanklin Roll

The twenty-fourth edition of disClosure: A Journal of Social Theory presents the theme of “Market Failures, Famines, and Crises.” Within its pages, we hope to present the opportunity to explore ways of understanding and interpreting times of financial uncertainty and instability through an interdisciplinary lens.

In this issue, you will find scholarly articles and creative writing that explore the topics related to the journal theme. The range of articles presented cover content from reevaluations of current research on markets to fiction inviting us to question how markets and the economy shape our perceptions and life experiences. The journal includes scholarly articles and essays, works of fiction and poetry, and interviews with prominent scholars in fields relating to social theory and this issue’s theme.

The collection of scholarly articles and essays in this volume cover a range of topics that critically examine different aspects of market relations. Ulmer’s photo essay provides us with a closer look at how markets influence the gold mining process in the Amazon. Luke takes a step into the macro perspective to ask whether the market is truly colorblind as its proponents claim. Janoski then guides readers to critically examine and challenge dominant theories of just how these markets truly work. Sharpe provides a meaningful reflection on the relationship between the United States and the 1983 Ethiopia Famine. Finally, Phillips provides an exploration of American capitalism.

Fiction and poetry provide a creative lens through which to explore the impact of markets on the lives of individuals and communities. Sherry explores the affective meanings of the market through four poems, This is carried further by Joshi’s short story, A Town Without A Market. Banh provides reflections on the Hong Kong Democracy Movement in two poems. Wren’s six visceral poems explore issues related to crisis, trauma, and personal failures.

Finally, the Spring Lecture Series of the Committee on Social Theory gave our Collective an opportunity to discuss many issues related to market failures, famines, and crises with leading scholars from a variety of disciplines. The interviews with Drs. Greta Krippner and Peter Temin explore topics such as the lessons from the Great Depression, financialization, and how to bridge social theory with the study of how seemingly abstract economic forces have real effects on human experiences. An additional interview with Professor Margaret Archer allows us to take a step back, to think about social theory and social theorizing more broadly.
Acknowledgements

A journal such as *disClosure* is first and foremost a collective endeavor. It was also, for us, an opportunity to learn the editorial process. We are grateful for the support provided by our advisors throughout. Marion Rust, Director of the Committee on Social Theory, Lisa Cliggett, Interim Director of the Committee on Social Theory, and Jeff Peters, Faculty Advisor to *disClosure*, provided guidance as we navigated the process and put the 24th issue together. Additionally, we would like to thank Eir-Anne Edgar, the Social Theory Research Assistant, for her availability to always answer questions.

All aspects of the journal are online, from the call for papers to publication. This would have been nearly impossible without the dedicated efforts of Adrian Ho, Director of Digital Scholarship at the University of Kentucky Libraries, and our team at bepress, especially Michelle Barron.

We would like to thank the editors of *disClosure* 23, Rachael Hoy and Christina Williams, for their support and advice.

To our editorial collective—thank you for your dedication and commitment. It has been a privilege to work with all of you in putting this issue together.

Last year’s ST 600 course, entitled “Market Failures, Famines, and Crises,” co-taught by Drs. David Hamilton (History), Thomas Janoski (Sociology), David Freshwater (Agricultural Economics), and Arnold Farr (Philosophy) was the guiding theme for this year’s issue. We’d like to thank these professors and our visiting scholars, Peter Temin, Greta Krippner, Cormac Ó Gráda, and Alex Callinicos for their contributions and for starting the conversations presented in this issue. It was a powerful and fascinating learning experience, which would have been impossible without them.

Finally, we wish to thank the contributors. We are excited to present and publish your work, without which there would be no 24th issue.
Gold Mining and Unequal Exchange in Western Amazonia: A Theoretical Photo Essay

GORDON L. ULMER
The Ohio State University

Figure 1. Caranchera (semi-mechanized mining machine) on the Madre de Dios River in Peru

Introduction

Two young men working in the Madre de Dios Watershed in Amazonia Peru pump sediment through a caranchera (semi-mechanized mining method, (fig. 1) to extract gold from the riverbed. One miner is on the beach operating the small motor while the other is submerged in the river, navigating a suction pump into gold-bearing sand when a large tree limb floating downriver knocks him unconscious and hurls him into the rapids. His body and countless others each year subsidize the profits of gold investors in a chain of global trade linking to the New York Stock Exchange. Illnesses and mortalities, coercive labor, local and national government corruption, pollution from mercury contamination and fuel spillage, and deforestation so vast that it is visible from Landsat satellites beckon our attention to the devastating and undeniable consequences of the twenty-first century gold boom in Madre de Dios, Peru.

Despite growing global awareness of the crisis in Madre de Dios, a valence of mystification conceals the broader system of exchange that

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1 For Landsat annual timelapse (between 1984 to 2012) of deforestation in Madre de Dios, Peru due to gold mining, see this Google Earth Engine animation: https://earthengine.google.org/#timelapse/v=-12.97805,-70.51164,9.853,lng=-12.97805,lat=9.853&date=2012-12-31
underwrites global profits at the expense of local life and environments. Ironically, an advertisement for a gold investment firm was published in the same *Smithsonian* February 2012 issue featuring the article entitled “The Devastating Costs of the Amazonian Gold Rush,” which demonstrates the insidious ways mystification works, even in the process of enlightening readers. Mystification veils crucial linkages of global trade through popular media that hold local laborers in Peru culpable while remaining virtually silent about the role Wall Street plays in the destructive outcomes of gold fever. In this paper, I reframe the problem to elucidate gold mining in Madre de Dios as part of a global system of *unequal exchange* in which “the accumulation of money and technology in core areas of the world-system occur at the expense of the natural resources, environment, and health of their peripheries.” While global trade is often critiqued for its uneven distribution of profits, an important and often under-examined corollary is its uneven or asymmetrical distribution of risks and consequences.

First, I discuss the interconnections between Amazonian gold mining and global financial markets to outline important linkages and developments between global trade and local history. Then, I examine health and social outcomes of mining labor (*embodied labor*) and its environmental impacts (*embodied land*) in Madre de Dios. Finally, I describe the processes of *mystification* and *fetishization*, or how mining machinery and the miners themselves in Madre de Dios are held culpable for these consequences, which in turn mystifies unequal exchange by detracting our eyes from the broader machinations of capital accumulation and the global gold trade.

This analysis examines the localized material, social, environmental, and health consequences of the global gold boom in Madre de Dios. I synthesize published data on public health and environmental impacts of gold mining in Madre de Dios with my ethnographic research and fieldwork photography in the region over a period of fifteen months between 2013 and 2015. Through the camera aperture this photo essay literally illuminates how local and global forces coalesce around gold mining and influence peoples and environments in Western Amazonia. Photographs are theoretically contextualized with ethnographic description and critical reflection to help visualize how global power relations shape local environments and human life at the local level.

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**Interconnections Between Amazonia and Wall Street**

The gold mining economy in Madre de Dios is an outcome of local, national, and global articulations. Madre de Dios is located in the southeastern lowland Amazonian region of Peru and shares international borders with Bolivia and Brazil and departmental borders in Peru with Cusco, Puno, and Ucayali. The construction of roadways in 1965 joined Andean and Amazonian regions of the country and enabled a boom of logging in the north and gold mining to the south. During the 1970s the Peruvian government offered blanket tax-exemption for individuals and companies to exploit gold in Madre de Dios as international prices precipitously climbed in response to the oil crisis and floating international exchange rates when gold moved from a currency standard to a global tradable commodity. The state-run Banco Minero (Miner Bank) assisted in developing the region using grubstake loans to encourage gold exploration and by purchasing gold at prices that followed global market rates that rose until 1980. Migration in the region increased by over 40 percent during this period and coincided with record high gold prices. The lull period from 1981 to 2000 or the ‘bear market’ in gold did not reduce migration to Madre de Dios, which was viewed as a region of opportunity for Andean peasants affected by a severe drought in southern Peru. Mining activities rapidly increased as the international price of gold climbed from economic growth in India and China at the turn of the twenty-first century, high U.S. national debt that had been growing since 2001, and the global economic recession that began in 2008. The Transoceanic Highway, a multinational infrastructural development project, was completed...

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4 Gold prices in the 1970s surged from $38 per ounce to $455 after U.S. unilaterally pulled out of Bretton Woods and world moved from a fixed to flexible exchange rate system. This marked the end of the gold standard and the beginning of the gold trade. Anna Asheshov, *The Gold in the River: A Journey in the Jungles of Peru* (Hodder and Stoughton, 1975).
6 The highway connects Brazilian and Peruvian traffic circuits and Atlantic and Pacific seaports and is part of the Initiative for Integration of Regional Infrastructure in South America (IIRSA), a multinational effort to integrate resource rich areas in Amazonia such as the MAP frontier (an acronym for Madre de Dios in Peru, Acre in Brazil, and Pando in Bolivia) into greater chains of commerce and development plans (Southworth et al. 2011).
during the global recession and enabled migrant workers to access Madre de Dios mining areas from the neighboring Andean departments of Cusco and Puno (fig. 2).

Gold was the best performing asset in the first decade of the twenty-first century as investors and central banks sought a safe financial haven in a volatile world market.\textsuperscript{7} While gold profits soared on Wall Street during the global recession (reaching a record high of around $1900 per ounce), the precious alloy incurred myriad consequences for environments and peoples in extractive enclaves across the globe. The intensification of mining caused a tripling rate of deforestation\textsuperscript{8} (also see Swanson et al. 2011) and a surge of human rights issues and labor abuses in Madre de Dios, such as de facto slavery through debt

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure2.jpg}
\caption{A view of the Transoceanic Highway on the way to the mining corridor.}
\end{figure}

peonage (Verité 2013), human trafficking and child prostitution, and exposure to unhealthy levels of mercury in soils, waterways, and aquatic food supplies. An estimated 50 thousand miners in Madre de Dios produced an annual 18 tons of gold worth $800 million during the peak of the boom (Arthur 2012) and gold revenue surpassed cocaine, usurping its place as the most profitable illicit export commodity.

Meanwhile, the value of exported gold material rises the farther away it moves from the dredges in Madre de Dios as it exchanges from the hands of laborers to buyers and ultimately reaches industrialized economies. Gold is used in destination countries as a money commodity to protect national currencies and grow capital investments (e.g. in bullions, ETFs, futures trading, etc.), to articulate elevated socioeconomic status (e.g. high luster ornaments, dentistry, and jewelry), and to conduct electricity in solid-state electronic devices (e.g. small cellular phones and computer technologies). Understanding these interconnected processes reveals how the costs and risks of the global gold trade are unevenly distributed so that profits are privatized and externalized while the costs to human health and environments are socialized and localized in Madre de Dios.

Embodied Labor

My first argument about unequal exchange is that pollution from the global gold trade is embodied in the local population in Madre de Dios. Embodied labor in the Marxian sense refers to how human time and energy produce commodities. To further develop this concept from the perspective of medical anthropology, embodied labor can also denote how commodities are produced by human vitality, which can be measured by the embodied effects of labor on health. Embodiment constitutes a powerful analytical tool to explore biosocial relationships and understand processes by which people biologically absorb the social and material world. Krieger’s (2001) work shows how increased risk of

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9 Instituto de Estudios Internacionales (IDEI), "La Trata De Personas Con Fines De Explotación Laboral: El Caso De La Minería Aurífera Y La Tala," IDEI y OIM, de la Pontificia Universidad Católica del Perú (2009).

"Risk Analysis of Indicators of Forced Labor and Human Trafficking in Illegal Gold Mining in Peru," Verité (2013).


hypertension in African Americans is the physical embodiment of material and socio-political factors, such as occupational and residential segregation, discrimination, and exposure to toxic substances. From this perspective, illnesses are often “biological expressions of social relations” in which physical afflictions are signs of social inequality.¹² Paul Farmer’s (1999) penetrating analysis reveals how significant differences in morbidity and mortality rates in Haiti from HIV, malaria, tuberculosis, and other preventative diseases “track along social fault lines.” Moreover, it demonstrates that both local and global forces of inequality determine why some people are predisposed to illness (due to political economic factors rather than physiological ones) while others are safeguarded from risk. These linkages between labor, embodiment, and inequality call for an analysis that should “inscribe this relationship into a broader historical and sociocultural framework.”¹³

Embodiment theory enables us to see how local

Figure 3. A small child helps her mother wash clothes for miners on the banks of the Madre de Dios River in the mining corridor, where Ribereño communities are exposed to exceedingly high levels of mercury.

Byron Good, Medicine, Rationality and Experience: An Anthropological Perspective (Cambridge University Press, 1994).
communities in Madre de Dios pay the price for global gold profits with their bodies. Mercury, which is used to extract gold flakes from slurries of sand, mud, and stone, is subsequently discarded, re-deposited, and metabolized across ecosystems. Mercury recycles across trophic levels and bioaccumulates, ultimately reaching human populations through inhalation of mercury vapors created during processing amalgams (i.e. the separation of mercury from gold) or consumption of methylmercury-contaminated fish. Ashe (2012) found that fish consumption in Madre de Dios was the most predictive indicator of elevated mercury levels in humans. Mercury levels were also found to be higher among men than women (likely because men constitute the majority of the labor force in gold mining) and for people whose residence locations were within mining zones (see fig. 3). In the first study to identify increasing mercury contamination and food web accumulation over a large geographical range where artisanal mining is widespread, Dilinger et al. (2015) discovered that communities located hundreds of kilometers downstream from artisanal and small-scale gold mining operations are at risk of dietary mercury exposure that exceeds safe limits. They found that over one-third of carnivorous fish had limits of mercury that surpassed international standards. Moreover, their study reveals that populations that do not participate in gold mining also bear the consequences of its toxicity.

My ethnographic fieldwork with miners also sheds light on negative health outcomes due to exposure to various pollutants and other deleterious conditions of labor. For example, during interviews most miners described enduring illnesses as a common consequence of working in the mines, including maladies from consuming food prepared with water contaminated by sewage, heat stroke and other effects from day-long exposure to powerful tropical UV rays, and insect borne diseases like dengue, malaria, and leishmaniasis. Mining also takes a toll on the body through the physical stress of working 24-hour shifts (depending

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on the type of semi-mechanized mining method) which are often followed by alcohol binging and prostitution, the latter of which may lead to increased risk of contracting sexually transmitted infections.\textsuperscript{16}

Prostitution has surged in Madre de Dios due to the gold boom and a staggering 2000 adolescent girls and women are working at any given time in the 400 prostibares (prostitute bars, see fig. 4) in the region.\textsuperscript{17} Young girls from the Andes are often recruited through deceptive tactics under the guise that they will work in well-paying jobs as restaurant servers in small riverine pueblos near mining camps or as temporary gold miners.\textsuperscript{18} Through the pernicious effects of debt peonage, children are sequestered in workplaces as slaves and their wages are gouged to pay debts amassed from the exorbitant prices of their meager food provisions and bunking arrangements. Young girls cannot make enough money to survive by earning only ~30 U.S. cents per beer they sell at the cantina and prostitution is often the only means to remunerate debts and escape servitude.

\textsuperscript{16} The number of HIV cases in Madre de Dios is ten times national average. In 2010, regional average was 31.6 while national average was 3.4 per 100,000 inhabitants. Areas with highest rate of HIV are located in the mining corridor, including Laberinto, Colorado, and Mazuko (see Andina 2013).

\textsuperscript{17} “La Mafia De La Trata De Mujeres En Madre De Dios,” \textit{La Republica} (2013).

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Figure 5. Families in the regional capital city of Puerto Maldonado congregate at the cemetery during Día de todos los Santos (All Saint’s Day), during which they celebrate their deceased loved ones by consuming their favorite foods and drinks, dancing to music in their honor, and lighting candles at their graves. Countless people in Madre de Dios have died while toiling in the mines.

During fieldwork I occasionally heard the terms “charapita” (little turtle), “peladita” (little stripped thing), and “jovencita” (young sweet girl, the diminutive suffix ‘cita’ denotes affection) in reference to highly desired child prostitutes who work along the river in the pueblos where miners stock up on supplies, imbibe between shifts of work, and seek the service of prostitutes. The trafficking and exploitation of the female body and molestation of adolescent girls are the perverse effects (and local embodiment) of the global gold trade on local and migrant communities in Madre de Dios.

In a discussion about consumption habits among isolated male extractivist work groups, Wilk (2007a; 2007b) contends that binge drinking and repetitive sexual interactions with prostitutes anesthetize the extractivist’s lifestyle of isolated labor in extreme physical environments, which is “built around a rhythm of hard work alternating with release” (ibid; also see Clark 1993 on a discussion about binge consumption and sex among gold miners in Papua New Guinea). This alternating cadence of excessive work followed by binge consumption fueled by addiction form part of the ‘engine’ of labor that ‘drives’ gold mining in Madre de Dios, and alcohol and female bodies comprise the ‘fuel’ that further motivates extractive labor.
Human life also fuels the machine of capital accumulation from gold mining in Madre de Dios and most miners I interviewed have witnessed multiple deaths while working in the mines. The most common danger is when the oyos (large pit craters) cave in and entomb workers, but other risks include falling into the rapids, drowning in the river, injuries from machinery malfunction, and strangulation from hoses connected to pumps that extract river sediment while working underwater. Many obreros (laborers) work overnight shifts and depend on stimulants to prevent drowsiness. Miners chew coca leaves, smoke cigarettes, or drink rum, coffee, or energy drinks to remain alert, but embodied labor, but also disembodied labor as profits are subsidized by the cheap price of life in Madre de Dios. Profits and economic recovery in part due to gold investments during the global recession have occurred at the expense of illness, addiction, and death (fig. 5). This linchpin between affliction and inequality reveals that gold commodities depend on unequal exchange and asymmetrical distribution of profits and risks among stakeholders of the global gold trade.

**Embodied Land**

My second argument about unequal exchange is that pollution and other consequences from the global gold trade are embodied locally in the land. Synthesizing World Systems theory and ecological economics, we can understand commodities like gold to also contain "embodied land" or an "ecological footprint" in addition to embodied labor (see Hornborg 2009; Hornborg et al. 2007). The anthropogenic effects of gold production on the

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Earth can be measured as the “embodied land” of gold commodities. These phenomena can be understood from synthesizing the perspectives of thermodynamics and economics (first pioneered by Georgescu-Roegen 1971) which reveals that economic production increases total entropy, or material and energetic disorder. An important question remains unaddressed: where is entropy from booming gold production distributed and what does this distribution of “disorder” and environmental load displacement tell us about global trade?

Trade between nations at different levels of technological development tends to be unequal in terms of distribution of energy (commodities, capital) and entropy (material disorder, e.g. waste, pollution, etc.; see Hornborg 2009). From this perspective, extractive enclaves in Amazonia are at a disadvantage in what Bunker (1985) calls an “uneven flow of energy and matter” in which central powers appropriate profits to control the hinterlands. The entropy of gold production in Madre de Dios is localized and manifested by deforestation, desertification, loss of habitats, mercury pollution, and the release of other contaminants into ecosystems (fig. 6, 7) while profits and other benefits generated from its production flow centrifugally to distant locales.

The tripling rate of deforestation in Madre de Dios is significantly correlated with dramatically rising gold prices in the New York Stock
Gold Mining and Unequal Exchange in Western Amazonia 12

Exchange, however, this correlation should be the point of departure, rather than the final word, to compel questions about what this asymmetrical relationship means. Deforestation and mercury pollution are part of what Martinez-Alier (2002:70) calls “ecological distribution conflicts,” or the unequal distribution of environmental degradation. Hornborg (2009:242) contends that our “cosmology” of neo-classical economics and faith in market prices “train us to think that market transactions are by definition fair and equal” but when considering other measurements such as energy, labor, materials, hectares of land, and environmental degradation, world trade is highly unequal.

During narrative elicitations miners described an ideal time prior to the gold boom of the twenty-first century during which “beaches sparkled with gold flakes” and “boats went downriver, packed with Coke bottles filled with gold.” Now it is difficult to find gold on the beaches and river levels are high during the rainy season so many operations move deeper into the forest to extract gold. Larger mining operations use bulldozers and tractors to remove the top layer of soil and to dig large pit craters or oyos, which dramatically alter forest structures and riverine ecosystems. “We had no idea there was so much gold under the soil,” said a former artisanal miner who witnessed the countryside where he once panned gold with only three other miners turn into a desert wasteland of hundreds of machines, migrants from the Andes, and widespread pollution.

When I worked in artisanal mining there was a large aguajal [palm swamp] where we panned gold around what is now kilometer 119—but this was before the [Transoceanic] highway was paved. It took all day to get there... we arrived at 4 p.m. and started working the next morning. We used to hunt peccary, monkeys...there was so much food back then. I returned six years later after the machines arrived... now it is completely plundered... a desert with craters where machines have sucked out all the gold. They now call it La Pampa.

-Former artisanal miner

Local residents in Puerto Maldonado, the capital city of the Madre de Dios region, nostalgically remember their hometown when it was a small pueblo where residents could leave their front doors open and children could safely ride their bicycles down the main streets without concern. But rapid development from the booming gold industry has upended local lives. Crime has escalated in recent

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years and is usually cited in interviews with residents when asked about the greatest changes they have seen in the city during their lifetimes. “Carreteristas” (lit. ‘Highways’) ride on motorcycles and snatch purses and backpacks from pedestrians and people on the back of motorcycle taxis. “Choros” (slang for ‘thieves’) frequently assault residents in certain barrios (neighborhoods) of town. Denizens of Madre de Dios also complain about the inflated price of goods when compared to other parts of Peru where gold mining is not the predominant economic activity. Some locals who describe themselves as “neto” (native) from the region lament growing disappearance of local foodways, as local dishes such as tacacho con cecina (jerk pork with plantain balls) or patarashca con yuca (fish cooked in banana leaves, served with boiled manioc) are less common while Andean dishes such as rocoto relleno con pastel de papas y tallarín al horno (stuffed peppers, potato cake, and baked noodles) and carnero asado (roasted lamb) are frequently found written on the daily chalkboard menus on the streets of town. The socio-cultural outcomes of the gold boom have been afforded very little attention.

Figure 7. Artisanal miners clearing vegetation to expand beaches along the Madre de Dios River
Fetishism and Mystification

My third argument about unequal exchange is that mining machinery (and their local operators, the miners) are fetishized so that unequal global trade is bewildering. Marx was concerned with processes by which unequal relations of social exchange are obscured (*mystification*), especially through attribution of autonomous agency or productivity to certain objects and “things” (*fetishization*). Miners and their machines comprise the culpable agent for the consequences of embodied labor and land previously outlined (e.g. deforestation, slavery, pollution, and so forth), while simultaneously deterring us from the broader machinations of capital accumulation and the seemingly sacrosanct organization of the global economy.

Although scholarly articles, gray literature, and mainstream media acknowledge a correlation between global gold prices and the consequences of gold mining in Madre de Dios, most publications continue to vilify local miners and portray them as principle agents of chaos—as if deforestation, mercury pollution, and labor problems in Western Amazonia are inherent problems in the region rather than particular local responses to broader forces and opportunities. Sidney Mintz (1977) similarly observed that the study of slavery in the Caribbean was also frequently understood as a result of ‘internal consequences’ in the region. This atomistic view, Mintz argues, compels one to analyze such cases as detached from the global economy as if they generate “their own internal

Figure 8. A miner working on a *draga* (barge) on the Madre de Dios River
dynamic without respect to their position in wider fields of forces”.  

Most literature describes *fiebre de oro* (gold fever) in Madre de Dios as resulting from commercial interests running amok in what Yu et al. (2010) call “low-governance areas,” where state enforcement of regulations and laws is absent. Thus, miners and their absent government are considered the culpable forces of destruction and exploitation. But how is it that the peasant who migrated to Amazonia to escape destitution and who now works 24-hour shifts operating mining machinery for a meager short-term wage has come to represent unfettered capitalism rather than the multi-millionaire investment banker on Wall Street who profits most from deforestation, pollution, prostitution, slavery, illness, and death in Madre de Dios?

![Figure 9. A *draga* (barge) mines for gold on the Madre de Dios River before they were banned in 2011. The *draga* completely mechanizes the process of alluvial gold mining.](image)

This scapegoating is part of the process of mystification, which entails obfuscating capitalist production, veiling unequal social dynamics, and treating them as if they were natural and inevitable. The belief in market prices and advancements in technology are part of what Hornborg (2001) calls *machine fetishism*, in which machine technology (i.e. notions of development and progress) mystifies social relations and conceals unequal material exchanges.

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Miners in Madre de Dios represent environmental destruction because they are the most immediate, visible appendage of the global machinery of extraction and capital accumulation.24

However, miners and other people in Madre de Dios also have their own perspective and fetishization of the machine. The phrase “antes de las maquinas” (before the machines) is a common chronological distinction people often make during ethnographic interviews that refers to the pre-boom era when miners worked manually with pans, shovels, and wheelbarrows (locally called ‘cholobomba’ method, see fig. 10) instead of semi-mechanized or fully mechanized mining machinery (see fig. 8, 9). This distinction can also be moralistic, as machines represent greater environmental destruction, but also excessive profiteering while artisanal mining refers to a time when workers only mined for subsistence. “I worked only to eat” and “I worked to survive, not to profit” are moral distinctions many miners have made during interviews.

Mystification also works to reduce complex interregional processes related to structural inequality, migration, and mining. Most miners in Madre de Dios are impoverished migrants from the Andes (fig. 10, 11). Global gold prices and poverty in the Andes are often given as reasons for the mass exodus from the Andes in recent decades. However, these “push” and “pull” factors superimpose the laws of supply and demand onto complex human situations and have

dominated migration theory for half a century. Migrants choose to move for a complexity of reasons, such as an individual’s social role in the household and community, their local traditions, geography, and belief that migration will lead to economic well-being (Cohen 2004). Treating migrants as passive responders to global market demands mystifies the political economic processes that created the conditions that enabled the gold rush.

These processes include neoliberal reforms prescribed by the IMF, which cut social services and effectively perpetuate poverty under the guise of remedying it. Treating migrants as passive responders also mystifies class-based, racially-drawn land reforms in the Andes that favored large landholders over smallholders, a political culture of centralismo (centralism, rooted in New Spain’s colonial regime) in which Lima extracts wealth from the countryside. Centralismo perpetuates underdevelopment, marginalization, and impecuniousness of la provincia (e.g. peripheral areas of Peru) and creates geographies of vulnerability where people depend on coca production, human/narco/arms trafficking, logging, artisanal mining, and other informal

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markets for survival. Peru’s *Centralismo* policies promote extractive activities through internal colonialism. Under conditions of economic development, regions compete against one another for scarce institutional support, creating cultural divisions, or “internal colonies” as the state increasingly becomes the redistribution broker. At a structural level, unequal exchange is institutionalized through a political system that privileges a minority of wealthy people at the cost of the poor majority.

**Concluding Reflections**

If indeed “fetishes are symbols that have become masters of their authors” (Hornborg 2001:482), then the way gold miners and the machines they operate in Madre de Dios have been ideologically represented encourages the atomistic way we think about and compartmentalize profits and consequences of global trade. This theoretical photo essay disabuses such rationale. The Marxian concepts of unequal exchange, embodied labor, embodied land, fetishization, and mystification help to understand how opulence and capital accumulation in economic centers of the world occur at the expense of lives and environments in the hinterlands. Through fieldwork photography it is possible to visualize how consequences of gold mining are localized and socialized, which serves to contrast from the more visible view of gold in which benefits are globalized and privatized through the New York Commodity Exchange and the several intermediary hands across which gold is exchanged. Interestingly, after I inquired about local gold prices during interviews, some miners reversed the question and asked me, “How much is a gram of gold in your country, a lot

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See: José Carlos Mariátegui, *Siete Ensayos De Interpretación De La Realidad Peruana* (Caracas, Venezuela 1928).
more?” to demonstrate awareness of unequal exchange in the global gold trade. While many people in Madre de Dios intuitively understand this relationship to be unequal, mystification conceals the inimical impacts on peoples and environments that are produced and perpetuated by global trade.

Problems from gold mining in Madre de Dios cannot be reduced to binary distinctions of good and evil or perpetrators and victims; such reifications continue to mystify these issues rather than to help us critically think about them. Moreover, miners in Madre de Dios are not passive responders—they have agency, motives and ambitions. Many miners are aware of mercury contamination, but some are skeptical and do not trust data on its deleterious effects from NGOs or government institutions, which are sometimes suspected to be colluding to thwart local livelihoods. Mistrust of the government must be understood historically, considering that Andean communities were persecuted during Peru’s civil war and many continue to suffer from centralismo policies. Thus, history, power, culture, health, and environment are inseparable issues and we must examine their linkages to further shed light on the realities of global trade.

Figure 12: Small-scale “cholobomba” operation on a riverbank
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Race vs. Class: Is the Market Colorblind?

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Introduction

For over forty years, sociologists and social scientists have debated the nature of inequality. Indeed, going back to Karl Marx and his contemporaries, the debates on the significance of race and class have been perpetual. Marxists often contended that class superseded race, gender, and other divisions in importance, but instead, those divisions were utilized by capitalists to preserve economic advantage and better exploit the proletariats. Race theorists like Michael Omi and Howard Winant attempted to shift focus back on race, noting that race was still a fundamental aspect of our social organization and had significance on its own, beyond class.¹ As time has gone on, racism has changed forms, and many scholars acknowledge the new racism as what Eduardo Bonilla-Silva has termed “colorblind racism”.² His concept of abstract liberalism, one of colorblind racism’s four fundamental frames, explains that people oppose race-based social policy by using justifications grounded in the principles of liberalism in an abstract manner.³ For example, people often oppose affirmative action on the grounds that they favor equal opportunity.⁴ The underlying assumption here is the common belief that the market is colorblind, therefore without race-conscious policies, we will achieve the ever-elusive “fairness”. Unfortunately, numerous studies indicate that pervasive labor market discrimination continues, suggesting that colorblindness will likely perpetuate and even increase racial inequality.⁵ This is not necessarily an issue of individual prejudice, but research indicates that white privilege is preserved not simply by whites with antipathy towards

³ Ibid.
⁴ Ibid.
⁵ Ibid.


members of other groups, but whites whose social network connections lead them to provide references and job leads disproportionately to other whites while they profess colorblindness and perpetuate white privilege in employment.\textsuperscript{6} Two Ivy League professors and former presidents of the American Sociological Association, William Julius Wilson and Douglas Massey (along with Nancy Denton), engaged in a spirited debate that many perceived as an extension of the race vs. class debate. This debate was, however, somewhat mischaracterized, as neither scholar denied the significance of race. In fact, both of their arguments in combination, along with subsequent research on the racial wealth gap present a strong case for race-based policy to address the current racial inequality, particularly between black and white Americans, that plagues U.S. society today. Indeed, the market is not colorblind; historical policies have created an environment in which the status quo operation of the market perpetuates racial inequality. As a result, because the market is not colorblind, neither should be the policies that address the inequality created by the market.

**Race or Class: The Old False Dichotomy**

William Julius Wilson stirred up a great deal of controversy in his 1978 book, The Declining Significance of Race. Much of this controversy seemed to be attributable more to the title of the book than its actual substantive arguments. Nonetheless, Wilson’s book is a classic in sociology and racial inequality, and brought renewed scholarly attention to black/white inequality. In the book, Wilson’s primary claim is that the life chances for individual African Americans and their access to privilege and power are more largely impacted by economic class position than by their race.\textsuperscript{7} Wilson claimed that since the overt racism of the early 20th century had dissipated, many traditional racial barriers for African Americans had also declined, and class took primacy.\textsuperscript{8} This idea has been contested by some theorists, who note the emergence of a “new racism” in the post-Civil Rights era characterized as being covert and subtle.\textsuperscript{9} Wilson explained his argument by looking at U.S. history as split into three periods, (1) preindustrial – characterized by racial caste oppression and a plantation economy; (2) industrial – characterized by racial oppression, class conflict, and industrial expansion; and (3) modern industrial – characterized by the gradual transition

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\textsuperscript{8} Ibid.

\textsuperscript{9} Eduardo Bonilla-Silva, *Racism without Racists*, 2014.
from racial inequalities to class inequalities. Essentially, Wilson focused on how economic arrangements, systems of production, and polity constrained the interactions of different racial groups and limited their access to rewards and privileges. He argued that the Marxist theories and the split labor market theory both serve well to explain inequality in preindustrial and industrial economies, where capitalists and higher-paid members of the working class (respectively) intentionally generated racial stratification, but failed to explain the situation in modern industrial times. Wilson saw the problem for black Americans at that time as the government’s inability to deal with barriers created by structural changes in the economy related to technological and economic revolutions; he did not believe race was the primary barrier, as equal opportunity and affirmative action programs helped to deal with racial obstacles. Recent scholarship has pointed out that in addition to technology, skill mismatches, global financialization, and outsourcing/offshoring also contribute to structural unemployment, and African Americans historically have seen higher unemployment rates than whites. While denying race’s primary importance, Wilson noted that affirmative action had helped to contribute to growing class inequality and divisions within the black community, and that the exit of the black middle class from communities with underclass residents resulted in a loss of resources for societal organization, advocacy, social movements, and the social buffer they provide during economic woes. Finally, racial conflicts, Wilson noted, had not disappeared, but had been reduced, and conflicts were based more on class.

In 1987, Wilson focused his attention on the problems of the black urban underclass in his book The Truly Disadvantaged. He began by noting a lack of research on racial issues since the controversial Moynihan Report, and the subsequent dominance of a conservative culture-of-poverty perspective inspired by Oscar Lewis. In the wake of antipoverty and antidiscrimination legislation, but with persisting racial and class inequality, liberals seemed to avoid the

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11 Ibid.
13 Ibid.
16 Ibid.
conversation altogether. In the book, Wilson argued that historic discrimination played a much larger role than contemporary discrimination, and in addition, that black migration to urban centers and high fertility rates resulted in a lower average age, which depressed wages relative to whites and artificially increased the wage gap often attributed to race. He noted spatial mismatch, the shift of jobs from urban areas to the suburbs, as one economic factor that contributed to the creation of the black urban underclass. Wilson introduced the concept of the Male Marriagable Pool Index (MMPI), stating that the pool of “marriageable” males (same race, similar age, employed) was lower for African American women, resulting in more single female-headed households and lower socioeconomic status.

The error from Wilson’s perspective was that race-based policies were seen as the solution to racial inequality for all classes, but this was not the case; while advantaged members of the black community saw significant gains from 1970-1987, the “truly disadvantaged” members of the underclass saw their conditions worsen. Additionally problematic, Wilson noted that original civil rights movement goals of equality of opportunity were consistent with traditional “American values” like freedom of choice, but the goals changed to preferential treatment for minority groups. Research has provided evidence that this may contain some truth, as the opposition to affirmative action of some individuals is because it violates the ideal of fairness. This also explains how Bonilla-Silva’s concept of abstract liberalism works now to justify race-neutral policies. Deviating from the race-conscious position, Wilson pushed for equality of life chances, calling for a long-term universal program to create job and mobility opportunities without generating the resentment short-term, targeted affirmative redistribution programs like affirmative action tend to generate. Wilson noted that poverty rates were tied closely to a country’s general economic standing and forcefully advocated for incorporating antipoverty legislation in general economic

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18 Ibid.
19 Ibid.
20 Ibid.
21 Ibid.
22 Ibid.
23 Ibid.
William Julius Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago, IL: University of Chicago Press, 1987).
policy (Wilson 1987). While advocating for universalist policies, Wilson espoused the need for a “hidden agenda” including race-targeted policies, explaining it as follows:

“The hidden agenda for liberal policymakers is to improve the life chances of truly disadvantaged groups such as the ghetto underclass by emphasizing programs to which the more advantaged groups of all races and class backgrounds can positively relate (Wilson 1987:155).”

So in this “hidden agenda”, Wilson left the door open to include some race-based policy as long as the major programs that received more focused attention were universal programs, which would garner much more support.27

In 1993, Massey & Denton published their classic book, American Apartheid. They emphasized what they believed to be a severely overlooked factor in the making of urban underclass communities: racial residential segregation.28 In fact, directly addressing their position with regard to The Truly Disadvantaged, they noted a basic agreement with Wilson’s argument that the structural transformation of the economy worked against the economic situation of the urban underclass, but argued that without residential segregation, the deleterious impact of the economic transformation would have been substantially lessened.29 While mentioning spatial mismatch in his discussion of urban poverty and structural changes to the economy, Wilson did not explicitly identify residential segregation as a causal factor. Additionally, Massey & Denton were critical of Wilson’s treatment of the black middle class in The Truly Disadvantaged.30 They argued that while Wilson blamed the black middle class for exiting underclass neighborhoods and thereby harming the underclass and contributing to the concentration of poverty, he missed the point that concentrated poverty was created by residential segregation limiting and black housing options and would have happened regardless of middle-class outmigration.31 Their effort in the book was to bring residential segregation back into the conversation, and recognize it as a key structural factor that caused enduring black poverty in urban ghettos in the U.S.32

The case was laid out by first presenting a history, noting very little residential segregation in 1900, but a tremendous increase during the great

27 William Julius Wilson, *The Truly Disadvantaged*, 1987
29 Ibid.
30 Ibid.
31 Ibid.
32 Ibid.
Migration of the early 20th century. The great migration coincided with the creation of the urban ghetto and a rise in white supremacist ideology and violence in the North. Violence (or the threat of violence) soon became a method of enforcing residential segregation, along with restrictive covenants of neighborhood associations, and if all else failed, white flight. The result of the nefarious practices that helped keep African Americans contained in the ghetto was a gradation where the most poor individuals were highly concentrated and the wealth expanded outward. Southern whites used Jim Crow to enforce residential segregation until 1916, but residential segregation still persisted at higher levels in the North. By the time of World War II, northern ghettos were established as Black and white flight ensured in the 50s and 60s that segregation persevered. Redlining and the administration of Federal Housing Administration (FHA) loans helped to ensure this as well, later contributing to the tremendous racial wealth gap by prohibiting blacks from buying houses that would ultimately be good financial investments.

Massey & Denton noted that evidence suggests African American segregation is not a result of self-segregation, as surveys indicate a desire among blacks for integrated neighborhoods; conversely, such desire is reflected in principle, but not in practice among white Americans (Massey & Denton 1993). They noted widespread discrimination in housing still being practiced, even since the passage of the Fair Housing Act in 1968 (and effective removal of residential segregation from public policy discourse).

The impact of residential segregation is staggering. Higher levels of poverty concentration among African Americans and lower levels among whites is one result. Black poverty in segregated cities leads to an increase in the level of abandoned buildings to a tipping point level of disinvestment that would not occur in integrated cities. Commercial institutions shut down if they cannot be supported by locals in urban ghettos; crime increases as a result of urban poverty that, in high concentration, has a greater impact than it would in an integrated urban setting.

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33 Ibid.
34 Ibid.
35 Ibid.
36 Ibid.
37 Ibid.
38 Ibid.
41 Ibid.
42 Ibid.
Poor African Americans are incredibly socially isolated and rarely leave their neighborhoods until adulthood, resulting in the development of a unique dialect that increases barriers to employment; oppositional, sometimes violent culture is also often a result. Significantly, there is a major wealth component to systemic residential segregation, as many African Americans live in undervalued neighborhoods and, if they choose to purchase homes, often see a lower return on investment than whites.

The big policy recommendation from Massey & Denton’s perspective was systematic enforcement of the Fair Housing Act, which is currently only enforced through individual complaints and verification by “testers” hired for local fair housing councils. They argued that Housing and Urban Development (HUD) could take the lead on fair housing enforcement through increased funding for local fair housing organizations, establishment of a permanent testing program with a special unit dedicated to large-scale housing audits in search of patterns of discrimination, added staff under the Assistant Secretary for Fair Housing and Equal Opportunity to evaluate lending data and look for patterns in rejection rates among minorities, a “more vigorous” promotion of desegregation under the affirmative mandate of the Fair Housing Act, and prompt judicial action and timely relief in enforcing the act. Essentially, they were calling for more regulation in the housing market.

Racial Inequality in Markets

While since the 1960s racial income inequality has shrunk to some degree, racial wealth inequality, often ignored in the conversation, remains. Black wealth has indeed grown during that time, but it has simultaneously fallen further behind white wealth (meaning, it has grown at a slower pace). Wealth differs from income in that wealth constitutes what people own, whereas income is received in exchange for work, retirement, or social welfare. Looking at wealth adds information to the racial inequality conversation, because while the income gap appears to be closing somewhat, in 2007, the median white family held assets

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43 Ibid.
44 Ibid.
45 Ibid.
47 Ibid.
49 Ibid.
50 Ibid.
worth more than 15 times that of the median African American family.\textsuperscript{51} Those in the “class” side of the race/class debate often focus more attention on income, occupation, and educational attainment, thus missing what information wealth provides.\textsuperscript{52}

Oliver & Shapiro utilize three concepts to highlight the way wealth accumulation varies by race, and specifically the black-white racial wealth gap.\textsuperscript{53} First, they refer to the racialization of state policy, highlighting the role of the state in hindering the capacity of many African Americans to accumulate wealth starting in slavery and proceeding thereafter.\textsuperscript{54} Specifically, they note government promotion of home ownership, retirement, education, pensions, homesteading, land acquisition, and asset accumulation excluding poor people, and blacks in particular.\textsuperscript{55} This fits directly with Massey & Denton, who looked at the role of the state in creating a segregated underclass community.\textsuperscript{56} The promise of “40 acres and a mule” was left unfulfilled as overt discrimination by bankers, exclusive social security policies that left domestic and agricultural workers ineligible, and the practices of redlining by the Home Owners Loan Corporation (HOLC), Veterans Affairs (VA), and FHA loan administration kept blacks from wealth accumulation opportunities.\textsuperscript{57} Importantly, the racist housing practices and loan administration ensured that white American investment in homes in the suburbs generated substantially greater returns than Black home investment; this is crucial as the home is often the biggest financial asset of many middle-class families.\textsuperscript{58} Additionally, white flight and the fear that a black population of over 20% in a neighborhood would drive property values down became a self-fulfilling prophecy, and with all these obstacles to home ownership, black families often ended up renting at higher rates than whites; renting is typically more expensive than home ownership overall.\textsuperscript{59} With that in mind, any monthly cost-savings is important for lower- and middle-income families in order to save money for higher education for children. The cost of renting, thus, partly contributes to


\textsuperscript{52} Ibid.

\textsuperscript{53} Ibid.

\textsuperscript{54} Ibid.

\textsuperscript{55} Ibid.

\textsuperscript{56} Douglas S. Massey and Nancy A. Denton, \textit{American Apartheid}, 1993.


\textsuperscript{58} Ibid.

making higher education a more difficult proposition, and lower levels of
education severely limit options for higher-paying occupations.

Second, Oliver & Shapiro highlight the “economic detour” of black
businesses caused by restrictions from participation in the open market up until
the mid 20th century.\(^{60}\) These restrictions effectively closed off another avenue
for wealth generation. They note that African American businesses were often
allowed to cater to black customers but prohibited from breaking into the
“mainstream” (i.e. white American) market; as a result, they served clients who
had similarly restricted income and could not provide the same level of support
for their entrepreneurial endeavors.\(^{61}\) If black businesses began to grow to be able
to compete with white-owned businesses, intimidation and violence were
sometimes used to keep them “in their place”.\(^{62}\) While Wilson notes the
depth of jobs to suburban areas and the spatial mismatch for inner city
residents as contributing to the dire economic position of the underclass, he does
not touch explicitly on the wealth aspect or discuss black business in great
detail.\(^{63}\)

Third and finally, Oliver & Shapiro refer to wealth as the “sedimentation
of racial inequality”. They look at wealth as the cumulative impact of a history of
poor schooling, segregation, and low wages.\(^{64}\) From slavery to Jim Crow to the
present day (perpetuated by inheritance or lack thereof), racial inequality’s
sedimentation is visible through wealth inequality.\(^{65}\) In this case, both Massey &
Denton and Wilson did not directly touch this point. While Massey & Denton’s
policy recommendations pertained only to the race-focused issue of residential
segregation, Wilson’s universalist policies dealt with class-inequality, but neither
tackled the sedimentation of racial inequality.\(^{66}\) This is where Dalton Conley’s
suggestion of class-based affirmative action (which fits well with Wilson) and a
wealth/property component in the form of reparations would be more
appropriate.\(^{67}\) Unfortunately, I suspect Wilson would consider reparations too
noticeable to be effectively included on any “hidden agenda”.\(^{68}\) However, a
reparations policy that directly ties back to the numerous historical wealth-
generating policies that benefited whites and excluded people of color (and
especially African Americans) has a strong empirical and moral basis.

\(^{61}\) Ibid.
\(^{62}\) Ibid.
\(^{63}\) William Julius Wilson, *The Truly Disadvantaged*, 1987
\(^{65}\) Ibid.
William Julius Wilson, *The Truly Disadvantaged*, 1987
\(^{68}\) William Julius Wilson, *The Truly Disadvantaged*, 1987
With the recent foreclosure crisis, residential segregation was identified as a causal factor, and African American communities were targeted for subprime mortgages and felt greater wealth loss in this process. Wells Fargo reached a $175 settlement with an NAACP lawsuit after the great recession that alleged within the organization “ghetto loans” for “mud people” were higher interest subprime loans targeted at African American clients. In fact, although many African Americans have made advances into the middle class, the black middle class still differs from the white middle class in that a pillar of wealth supports whites and gives them more stability in times of economic downturn. Wealth begets wealth, because more wealth often means the capacity to make investments for retirement, children’s education, etc. In this way, inheritance perpetuates and accentuates wealth inequality and violates the deeply-held American principle of equality of opportunity. Curiously, discussions of the inherent fairness of the market rarely involve discussions of the inherent unfairness of inheritance.

A Pew Research Center analysis of 2009 government data revealed median white household wealth is on average have 20 times that of African Americans and 18 times that of Latino’s; this has major ramifications, including a substantial impact on education. Entry into higher education is made more manageable through long-term savings by parents or guardians of potential students, but it is not the only education that matters. The reproduction of racial and class inequality can be viewed through the lens of education quite effectively. Progress in educational equality was made in the wake of the Civil Rights Movement, but much of that was reversed during the Reagan administration in the 1980s. In fact, segregation in general declined from 1966-1980, but only sex segregation continued to decline after 1980; the decline in racial segregation did not continue. The educational differentials can be traced
closely to socioeconomic differences between blacks and whites in a number of ways.\textsuperscript{77} Housing can be an issue here: neighborhood socioeconomic status is closely associated with academic performance, and social capital from peer and neighborhood influences and environmental hazards (violence, crime, etc.) all play a factor in predicting academic performance.\textsuperscript{78} This academic performance subsequently impacts educational and career aspirations, as well as possibilities for higher education.

**Race and Colorblindness in Labor and Education**

In the labor market, governmental policy intrudes and intervenes (however weak the intervention is) in the form of “affirmative action”. William Julius Wilson made a clear critique of how these programs operate and who they help.\textsuperscript{79} Wilson has been highly critical, noting that affirmative action has failed the underclass and only helps highly qualified minorities, increasing their demand in the labor market while decreasing the demand of less-qualified workers due to cost, he argues.\textsuperscript{80} While Wilson referred mainly to affirmative action at work, affirmative action in university admissions and financial aid fit well into his argument as well. While need-based, racially targeted financial aid can theoretically assist in lifting lower-income minorities into universities they would otherwise not attend, affirmative action in higher education tends to primarily help those African Americans who are already in better financial situations. This is why Wilson advocated for universalist policies and the “rising tide” to lift all the boats, and then believes through his “hidden agenda” of race-based policy, this would help overcome discrimination.\textsuperscript{81} His comprehensive policy recommendations help address the racial and class barriers for lower-income African Americans.

Wilson’s writing has generated its share of controversy, and as he has published new editions of many of his classic texts, he has also clarified his (sometimes modified) positions. In a 2012 article in the Du Bois Review, Wilson elucidates his position on affirmative action and specifically addresses the new colorblind class-based alternatives that are often proposed.\textsuperscript{82} Wilson claims that two factors drive the overwhelming public opposition to race-based policy, a racial factor and the “heavy reliance on individualistic explanations of social

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\textsuperscript{78} Ibid.


\textsuperscript{80} Ibid.

\textsuperscript{81} Ibid.

behavior and social outcomes in this country.” Class-based affirmative action addresses the racial factor, he notes. While people argue class-based policies will disproportionately benefit people of color (who are disproportionately poor), Wilson contends that by considering the traditional aptitude tests where African Americans often score poorly and other similar measures, class-based policies would systemically reduce opportunities for African Americans. The problem, he argues, is that these measures where blacks perform overwhelmingly worse is due to the cumulative effects of “having one’s life chances limited by race.” Residential segregation, poor schools, and the fact that this is common experience among multiple generations (such that parents of young African Americans also had their life chances restricted in a similar way) contribute to these cumulative effects. Black people of all social classes would be negatively impacted by class-based affirmative action, but the poor would see the worst results.

Wilson instead advocates for what he terms “affirmative opportunity” programs involving “flexible and merit-based criteria.” He shows evidence that the public would generally be more supportive of targeted programs, but are leery of the idea of hard quotas (which are not legal under affirmative action) and unqualified individuals being hired or accepted for college admissions. Wilson recommends race be considered among a constellation of factors, standardized tests be given less weight, and that criteria become more flexible. As an example, he notes that the University of Michigan Law School uses this type of flexible criteria in admissions; rather than reserving spots for people of color, the school considers race in conjunction with numerous other factors to make decisions. The idea of flexibility can raise legitimate concerns which Wilson does not address in his brief article. Flexibility brings more discretion to the hiring or admissions processes, opening the door for the negative impacts of pervasive implicit bias favoring whites and working against African Americans and other people of color. One result of affirmative action early-on was more standardization of hiring processes for many organizations, formalized job descriptions, and other measures to remove discretion and make hiring processes

84 Ibid.
85 Ibid.
86 Ibid.: 8.
87 Ibid.
89 Ibid.
90 Ibid.
91 Ibid.
“objective”. As Wilson’s critique of the “objective” criteria is strong, it becomes important that admissions and hiring decisions are made by a diverse committee, or a committee that will not fall into the trap of individualistic explanations for social behavior that he identified.

While people argue for colorblind policies instead of affirmative action, which some perceive as colorblind racism, the Texas Top 10% law provides one case to illustrate the effectiveness of class-based affirmative action. In the wake of legislation banning racial preferences in higher education in Texas, a plan known as the Texas Top 10 was implemented, which mandated that individuals in the top ten percent of their high school class would be accepted to any state university in Texas. The results of this plan were mixed:

"Since one out of ten public high schools in Texas enrolls 90–100 percent minority students, some minority students must be guaranteed acceptance to college under the Texas percent plan. However, the percent plan negatively impacts the probability of admission to the best public colleges in Texas for students outside of the top ten percent of their high school class."

This new program, and the end of affirmative action, reduced the percentage of Black and Hispanic students in Texas who chose to apply to college. If minority students who were not in the top ten percent of their class would have applied to college under affirmative action, the reduction in Black and Hispanic applicants under the top ten rule is rational, since minority students who are not in the top ten do not see their college admissions as likely under the new rules. Additionally, financial aid is still a factor, and one study showed that the Texas Top 10 plan was only effective when admissions offers were followed-up by financial aid awards.

The Texas Top 10 program was effective in some ways – although in the first two years of the plan (1998-1999), admission rates for every minority group except Asians declined, after the second year those rates rebounded to 1996 levels - the last time race-sensitive criteria was used. In this way it was a success and

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94 William Julius Wilson, "Race and Affirming Opportunity in the Barack Obama Era" (2012)
97 Ibid.
98 Ibid.
class rank, rather than standardized test scores, could be used in college admissions and, some scholars argue, achieve results similar to affirmative action. Still, extrapolating the results of Texas is dangerous, as Texas is a unique state with a large residentially segregated minority population.

Residential segregation and the resulting school segregation is important in that in academically struggling and low-resource schools, the highest academic achievers still have a chance to go to college. In this way, if schools are completely segregated, the result will be proportions of students accepted to universities in Texas that are exactly proportionate to the population numbers.

However, qualitative differences in schools merit consideration. College-going traditions of schools are important, so for poorer schools that do not offer advanced placement courses and are not geared toward college preparation, their students are less likely to know about the top ten rule and how it works, or how to work it to their advantage. In fact, although top decile students are more likely than others to know their class rank, even this knowledge has racial disparities and Black and Hispanic high school students are less likely to know their class rank and whether or not they are in the top ten accurately. Additionally problematic for Texas due to the large Latino population is the fact that Hispanic seniors in the top ten of their classes are less likely than comparable white students to know much about the admission guarantee; this is due in part for many of these students to their parents’ lack of proficiency in English and racially segregated social networks. So while no system is perfect, and some contest the effectiveness of the Texas Top 10 plan, it is an alternative to affirmative action that has promoted diversity in higher education more than having no program at all. This does not, however, mean class-based affirmative action is the most effective for remedying racial inequality. In fact, although UCLA law school’s class-based affirmative action increased the socioeconomic diversity of the student body, they saw a dramatic decline in the enrollment of blacks and American Indian students – the racial diversity at the law school suffered. Class-based affirmative action is better than nothing, but does not address racial inequality as well as race-based policy.

With some of the valid criticisms of affirmative action noted, what other

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100 Ibid.
101 Ibid.
103 Ibid.
104 Ibid.
race-based policies might be the most effective? Some have made strong and convincing cases for reparations. While residential options for African American have been systematically reduced through policy, the income and wealth gap have also contributed to difficulty in integrating neighborhoods. Wealth inequality is a tremendous barrier for people of color – particularly African Americans. A strong policy for addressing economic inequality might involve a calculated effort to compensate those who have been prohibited historically from benefitting from government policies that helped build the white middle class. The results of neglect from these policies could be calculated and a one-time payment given to families whose wealth is depressed due to discriminatory government practices. The cost of this would likely be small in comparison to the social costs that wealth inequality incurs on society, and would be substantially less than recent government bailouts for large corporations. While it may be difficult to hide, including reparations in a “hidden agenda” would be crucial for addressing racial inequality.

Conclusion

“The Market” is often invoked in the same way as a deity; as an all-knowing, all-powerful, perfectly just force. As a result, markets are believed to hold the values, especially in the United States, that many hold dear. Equality and fairness are two of those values. Some have argued that debates over affirmative action and race-based social policies are “shell” debates that in essence concern the “core” issues of liberty and justice. Opponents of race-based policy might argue against this perspective, instead arguing that the market is inherently fair and just. Colorblindness could, in principle, be considered a fair idea; but colorblind policies should not be implemented in a society where rewards, life chances, and opportunities are distributed disproportionately based on one’s color. In order to deal with racial inequality adequately, race must be considered. As outlined above, a number of government policies and programs in recent U.S. history have been designed, color-blind or otherwise, to benefit white Americans disproportionately. The result is persistent racial inequality between whites and

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African Americans specifically in almost every major area including wealth, educational attainment, and most measures of health. In addition, research indicates the continuing significance of race and racial discrimination; historical and contemporary racism both factor into the racial inequality rampant today. The market is clearly not colorblind, and there is sufficient justification for broad-scale, race-based social policy. In fact, more aggressive race-based policy is necessary to compensate for contemporary discrimination, amend for past discrimination, and for race-neutral policies to ever truly be fair in the future. From its inception, affirmative action was vaguely defined and opposed by the majority; the result was a relatively weak policy that, although it provided opportunities for advancement, fell far short of complete elimination racial inequality (Dobbin 2009; Skrentny 1996). Instead, a more aggressive race-based policy, grounded in the research summarized above and the wealth of other research on racial inequality, is needed to achieve fairness in the market. The unearned reputation of a colorblind, fair market is a lie, and colorblind policies are not sufficient in a market that, the overwhelming majority of evidence indicates, is substantially impacted by race.

Bibliography


Challenging Dominant Market Theories in Five Ways 1

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Introduction

In the halls of American policy making, neo-classical economists have long had the politician’s ear, and this has intensified with the rise of neo-liberalism as a political movement. Marion Fourcade and colleagues even title a recent paper “The Superiority of Economists”. 2 And neo-liberalism seeks to replace many state functions with free market solutions such as privatizing the post office and chartering the public schools. Economists’ arguments about markets vary in three ways: (a) positive claims that free markets are more efficient and rational, (b) normative claims that free markets should be more rational or efficient but fail to be so due to interest groups and politics, or irrational consumers or producers, and (c) interference claims that the state prevents free markets. 3 The public tends to accept these arguments in boom times, but in crisis these arguments of perfect markets (or imperfect markets but it is the best that we can do) have encountered a crescendo of criticism. Scholars in anthropology, sociology, geography and even parts of psychology have argued against the efficiency, rationality and uncritical use of market theory. This paper will consider five such arguments against the exaggerations and misconceptions of free markets, while still maintaining that markets can be useful if they are regulated and/or altered in a number of ways. These challenges are not so much normative arguments that markets should behave in different ways. Rather they are arguments that markets actually do operate in a variety of ways and that we should recognize the reality of markets (i.e., their good and bad sides) and then more accurately attempt to alter or control that reality.

This article will first review why many social scientists are dissatisfied

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1 The author thanks the participants of the “Market Failures, Famines and Crises” Seminar sponsored by the Committee on Social Theory in the Spring of 2014, especially the other three faculty participants – David Freshwater from Agricultural Economics, David Hamilton from History, and Arnold Farr from Philosophy. He also thanks the other participants especially Grace Cale and Lydia Shanklin Roll, and Greta Krippner of the University of Michigan for her visit to the class to explain her economic sociological theories of market failure.


3 While there are institutional and Marxist economists, my reference to economists reflects the mainstream and dominant view of neo-classical economics in the US.


Challenging Dominant Market Theories

with an overreliance on markets, and a conceptualization of markets being efficient, fair and rational. This will focus especially on marginal utility – the dominant economic mechanism when it comes to explaining efficient and rational markets. The challenge to markets is then widened in a number of ways to include crucial explanations as to why and how markets get constructed, especially their mechanisms. It presents five types of arguments critical of markets: (1) the Marxian approach to markets and then later in the paper, their view of crises along with the Hyman Minsky approach of increasing cyclical pressure to take risks, (2) the rise of Karl Polanyi’s view that markets are fragile and that they need to be embedded in society and the state; (3) a coalition of organizational scholars including Neil Fligstein see organizations of various types as creating a ‘conception of control’ whereby the market is shaped by their elite interests; (4) a more complex decision-making approach starting with Max Weber’s view of social action being based on rationalities, traditions and emotions, which is then combined with Edward Fischer’s cultural approach to prices, quality, and the environment; and (5) a macro-application of social exchange theory to bargaining power in the market. But one caveat must be stated at the beginning. This paper does not provide evidence on the workability of these five approaches, but rather sets the scope and range of each of these market critiques. In essence, each theory questions either rationality or efficiency, and a number of the theories question the outright goals of economic market theories in terms of fairness and economic growth.

Dissatisfaction with an Overemphasis of the Virtues of Markets:

Neo-classical economics developed primarily out of the micro-economic marginalist school developed by Alfred Marshall (1979), Léon Walras (1984), Vilfredo Pareto (1906), Arthur Pigou (1920), and Carl Menger (1950) around the turn of the 19th into the 20th century. Marginal utility becomes the driving force of investment and wages as owners pay wages only in proportion to the utility that is added to their production, and investment is only made when marginal utility is of a high order. Marginalist economics is highly amenable to mathematical specification and it propelled economics as a field into micro- or firm-level focus on supply and demand. The moral philosophy approach of Adam Smith is somewhat of an embarrassment to these marginalists. Smith only used ‘the

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invisible hand’ metaphor twice in The Wealth of Nations, and proposed more of a symbolic interactionist view with empathy and concern for others as how markets and firms are tamed in the economic field. Smith even contradicts the theory of comparative advantage with ‘absolute advantage.’ But marginalist economics takes the little-used metaphor of the invisible hand and drops much of the rest of Smith. Marginalism was so successful that it made macro-economics passé. Keynesian economics in the 1930s was a reinvigoration of macro-economics, and it largely opposed to the marginalists’ overlooking phenomena at the institutional, nation-state and even global level. But market rationality and efficiency largely rest on the principles developed by accentuating the importance of firms and consumers following the dictates of rationality in pursuit of “marginal utility.”

There are three main issues that social scientists contest about a neoclassical view of markets: inequality, instability, and residualization or overreach. First, many social scientists view the market as causing inequality and that it requires major efforts to make the economy and society anywhere near being legitimate or just. This is a major position of citizenship theory from T. H. Marshall to Bryan Turner. The market makes inequality and the social welfare state mitigates this by creating or restoring equality. The market and citizenship, especially social rights and the welfare state, are almost in a dialectical relationship in maintaining somewhat of a socially just society. It’s almost a yin and yang of destructive inequality and restorative equality. When encountering fairness and inequality, the marginalists have a soft and a hard answer. The soft argument sees fairness as coming in terms of everyone getting their best bargain in the market, and that the market then equilibrates to satisfy everyone’s’ needs. This theory peaked in the 1990s up until 2008 in the form of the efficient market hypothesis. While there were strong and weak forms of this theory, its strong version stated that financial markets reflect a vast amount of public and even insider data, and thus, markets accurately reflect the equilibrium prices of firm

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8For an extended critique, see: Matthew Watson, Foundations of International Political Economy, 2005.
9Tony Lawson in Reorienting Economics (2003:3) sees these weaknesses as: (1) domination by a mathematical-deductivist modeling that ignores empirical reality, (2) a mainstream project that is in disarray, (3) models being applied to a reality that does not conform, and (4) an approach that keeps economics from realizing its potential. These points, of course, can be debated.
stock and to a certain degree the strategies that they are following. Eugene Fama (1965, 1970) was most associated with this theory and received a Nobel Prize for his theory.\(^{12}\) However, this concept of fairness does not do well in the face of poverty and underdevelopment, and it looked especially bad in the aftermath of the 2008 Great Recession. The hard argument indicates that human beings own property and they profit from their expert and skillful use of that property. If others do not have the skills or industriousness of the wealthy, then it is their own fault. This answer is not satisfactory to critics, but it has the merit of being more in accord with empirical results (i.e., it does not pretend to be equitable). In effect, this comes down to equality of opportunity without regard to the results.

Second, the economics term ‘externality’ describes a great deal of what other social sciences disciplines (anthropology, geography, sociology and political science) are about. Theorists often refer to this as a “residual category” or a large amount social action that a theory claims no expertise over. Obviously, these other social sciences view this residualization of society as a huge gap in economic theories, especially when those theories are claimed to hold the key to how life and government should be conducted. Third, markets are prone to cycles, shocks, recessions and depressions. If the market is so efficient, why do these types of events occur? But markets are often not efficient and lead to large amounts of waste both human and environmental. Economists often refer to these issues as ‘adjustments,’ but they are often quite devastating to society. I will have more to say on this later.

One distraction should be mentioned concerning economic debates. In the 1930s, John Maynard Keynes developed what became known as Keynesian economics in The General Theory of Employment and Money.\(^{13}\) In economic discourse over the last 80 years, economists have had intensely divisive debates over Keynesian versus monetary economic solutions most often embodied by Milton Friedman and now, the neo-liberals and supply-side economists.\(^{14}\) Keynes said that the government should intervene in the economy with strong counter-cyclical spending patterns in order to avert a recession or depression, and he is most currently represented by Paul Krugman.\(^{15}\) Many economists credit US,
German and Swedish counter-cyclical spending during the depression as a major force to end that crisis. However, Keynes is more or less implying that the government is not otherwise heavily implicated in the market and economics as a whole. Keynesian economics is not exactly a critique of markets, but rather an economic fix to repair markets when they are in trouble. It is important not to get side-tracked by the sturm und drang of the economists’ intense debate. In other words, Keynes is more of a corrective rather than a direct critique of markets even though government intervention does parallel some critiques. But those more critical positions go further to say that the government is there through thick and thin, not just as a tool of intervention. In other words, the government being there is not just to suddenly increase spending, but to also set the ground rules of markets functioning at all (not unlike Marx’s social relations of production).

There are many other dissatisfactions concerning the more specific aspects of neo-classical views of markets, but these three issues – inequality, externalities and crises – are the major problems that social scientists see. The next sections represent various social scientific challenges to markets, and their specific dissatisfactions with markets.

**Unfair Exchange and the Labor Theory of Value**

Karl Marx was generally anti-market in the sense that he theorized that values in markets represented both exchange value and use-value. Markets were highly problematic since they relied on exchange values that were determined in ways that benefitted the owner classes at the expense of the working class. The working classes would prefer to have their needs met by products and food based on “use-value,” but the capitalist system would not provide prices for goods and food at this level. Instead they relied on “exchange values” that are determined by the demand and supply. As such, the system was unjust and embodies much exploitation. His market-based solution (as opposed to his political solution of revolution) relied on the labor theory of value to switch the tables on the owners of capital to say that their extraction of surplus value should not be allowed because it should be justly distributed to the workers themselves. In fact, the labor theory of value states that all value is produced by labor and thus belongs to labor. This revamping or destruction of markets would be ruled by the principle of “from each according to their ability to each according to their need.” This solution largely calls for the destruction or withering away of markets. I will return to Marx later in this paper on the topic of crises. The next challenges to

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16 Marx’s concepts of use value and exchange value (1992) parallel Adam Smith’s concepts of natural and market prices (1976, chapter 4). It is useful to note that both Adam Smith and David Ricardo espoused a labor theory of value, but unlike Marx they included managers and owners in their concept of labor.
markets focus on keeping markets, but controlling their harsh logics of exploitation.

**Embeddedness and the Fragility of Free Markets**

Karl Polanyi developed a theory of markets in the mid-1940s based on his historical examination of markets in Britain during the industrial revolution and beyond. He is referred to in a variety of ways as an economic historian, economic anthropologist, political economist, historical sociologist and social philosopher. In *The Great Transformation*, Polanyi argues that “there is nothing natural about laissez-faire”\(^{17}\), and that free markets only existed in Britain for a very short period of time (roughly 1852 to 1873 after the repeal of the Corn Laws went into effect). However, when totally free markets held sway, they proved to be so disruptive and unworkable that the British economy needed to be substantially controlled by the state and sometimes civil society. Societies need the economy to be embedded into society and culture through various types of changes in social mores, institutional structures, and state regulation. After this was done, the British state stabilized the economy’s unfettered markets, and despite crises of financial panics, recessions and depressions, generally moved in a more and more prosperous direction. But Polanyi did not recommend this roly-poly and often exploitative survival mechanism. He was often seen as providing a foundation for an economic democracy movement that have particular resonance in the Social Democratic Party in Germany and various social movements.

Polanyi is now seen as one of the major theorists of the economy being ‘embedded’ in society and the institutional structuring of markets and society in general. His approach has largely led to the rise of economic sociology and anthropology that emphasizes alternatives to free markets. Polanyi went on to apply these principles to ancient economies such as Pre-Columbian America and ancient Mesopotamia, although its utility to the study of ancient societies in general has been questioned. He goes back to Greek philosophy of Aristotle to make the distinction between chrematistics and oikonomia. Chrematistics is the production of goods or services for the purposes of creating wealth to enhance one’s own status and power in society. Oikonomia is producing goods and services to create wealth that serves the needs of society and distributive justice. This parallels Marx’s concepts of exchange and use value.\(^{18}\) It is odd that modern day economics and Wall Street looks to chrematistics more than Oikonomia.\(^{19}\) He then indicates that no action is purely economic since it is a Lebensweg (way of

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life) whereby humans lead a morally-guided way of life. Hence, “no action can be purely economic”. And when they are treated as such, we have reached an artificiality of economistic reification.

Polanyi’s theories eventually became the foundation for anthropological, political and sociological schools looking at controls for the market and the economic democracy movement. I have not covered his mechanisms of exchange in this section, but will return to Polanyi in the section on decision-making below. An organization furthering his views exists at McGill University in Montreal. Fred Block and Margaret Somers, and Richard Swedberg are scholars now working in this tradition. A version of this embeddedness approach is taken by social network analysis, which shows how specific connections between people and organizations combine to make different types of decisions in markets. In a sense, the invisible hand is a fiction as these kinds of economic decisions are made through social networks of decision-makers in highly embedded institutions that cannot operate with a sense of automaticity. These social network approaches can be seen with the work of Harrison White, Ronald Burt, Mark Granovetter, and many others.

Organizational Conceptions of Control of Markets

Economic sociologists and geographers have frequently insisted that markets are controlled by firms and elites, which also have strong influence on the state. These firms and elites represent market lumpiness with a bounded organization that can protect segments of managers and employees from supply and demand. In Neil Fligstein’s approach to markets has developed in an institutional way somewhat similar to Polanyi but more specifically focused on what corporations do and how corporations can persuade governments and ultimately societies to view market mechanisms. This presents firm action in coalitions in a more active and instrumental way than typically endorsed by market theorists. In The

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20 Ibid.
Karl Polanyi and Harry W. Pearson, Livelihood of Man, 1977.
Architecture of Markets and other works, Fligstein examines how corporations view market strategies in order to increase their power or survive in fluctuating circumstances. Fligstein and McAdams recent book extends this approach to Pierre Bourdieu’s theory of fields.

One focus of his approach is to look at how stakeholder value theories had emerged in the 1950s and 1960s with a focus on all of the people affected by corporations deserved a hearing in how corporate power was used. For instance, customers, workers, shareholders, communities, governments, and the public in general, and other constituencies have a ‘stake’ in corporate actions. Fligstein is not presenting a normative view that stakeholder value theory was correct, but rather looks at how corporations and capitalists renegotiated their “conception of control” of how the market would operate.

Much of this renegotiation occurred during the oil crisis when Jimmy Carter was US president in the late 1970s, and corporate profits had gone into a nose dive due to the oil crises and youth rebellion, but even more threatening was the Nixon and Carter discussions of wage and price controls during highly inflationary times. Since the corporations still had considerable power, the negotiation was rather implicit until the final product later presented itself to these various groups. The solution aided by principal-agent theory in economics saw these larger social movements as a “stake” in the heart of capitalism, so they created a new theory based on a more focused agenda. Corporations and their CEOs were agents of stockholders and they needed to be doing what shareholders wanted – make large profits.

As a result, corporations changed their focus to “shareholder value theory” with considerable outsourcing and then off-shoring. They focused on keeping their nose to the grindstone of higher profits, increasing the price of their stock on Wall Street, and paying dividends to stockholders. This approach rewarded CEOs with higher wages and stock options in order to align CEO decisions with shareholder’s interests in their economic returns. The side effect of this was to increase corporate salaries to astronomical levels and largely decrease worker wages through outsourcing. The logic of outsourcing was to have work done by corporations with subcontractors who would not share in the good fortune of corporate profits. The overall theory based on this shift from stakeholder approaches to shareholder value theory is that firms socially construct the shape and functioning of markets through this conception of control. These conceptions may change over time and need to be examined by scholars. One under-recognized aspect of stockholder value theory is that atomistic markets making decisions on their own do not really exist. Instead, large and bulky players, such as corporations and stock market exchanges shape and control markets. Compared

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to Polanyi who focused more on state institutions, Fligstein is adding an elite control theory into the mix negotiated by private firms and investment bankers.

**Actual Mechanisms of Markets: Sociological and Anthropological Views**

Embeddedness is a more contextual theory with little presence of a mechanism, and the conception of control provides some aspects of mechanism but not one that really talks about how markets actually work on a daily basis. A fourth approach combines a sociological view of decision-making using Max Weber’s theory of social action with its counterbalancing influence of culture, with a more specific anthropological view based on complex forms of exchange relying on the economist Amartya Sen and anthropologist Edward Fisher’s approach to prices, quality, and the environment. The following discussion will take Weber first, and then go to Sen and Fischer.

Max Weber accepted much of the political economy approach of Karl Marx in terms of class but largely rejected his view of markets.\(^2^4\) His later work focused much more on the culture of the rise of capitalism with the Protestant Ethic. If we only relied on the cultural argument, we would be simply adding to Polanyi’s approach. But what is of more interest is his general theory of social action. Weber viewed social action as being based on four types of rationality, tradition and emotion. Weber interrogates rationality to find procedural, practical, theoretical and substantive rationalities. Herbert Simon as a neo-Weberian considerably softened rationality with satisficing under conditions of limited decision-making powers. Weber’s practical rationality was the application of these principles to the level of practical life where Simon’s more limited searches may apply. But in a different way, Weber also presented theoretical and substantive rationality. For instance, Pope Francis largely follows the theoretical rationality of the Catholic Church’s principles about the economy in caring for the poor and not producing so many poor people in the first place. This is based on a certain element of sharing and to some degree caring for a community. There are many elements to the theory of Catholicism, but those having to do with economic equality are more important than profit maximization. There are many other secular forms of theoretical rationality involved with political party ideologies, environmental movements, and cosmopolitan value theories. Social democratic parties do not follow market maximization principles and have a social market theory that embraces caring for the less fortunate in society. And substantive rationality may have less of a grand theory, but it is more or less the theory of fitting into the culture of your community in whatever way you might conceive of it.

Culture makes its more direct entry into decision-making with “tradition” as a basis of social action. People do things the way they have done them in the past. To neo-classical economists, this makes people economic dopes because they are being irrational. But building on Herbert Simon’s theory of decision-making overload, we cannot spend time everyday evaluating the procedural rationality of every action we take (e.g., is brushing your teeth rational and if it is should you brush five times a day to prevent tooth decay). We all largely live in fairly large entities called societies (admittedly the boundaries and belonging may be contested) that give us designs for living that we do not need to contest every day with maximizing logic. Many of these actions involve emotion, and families and communities involve a certain amount of love and caring. And interactions within and without may also involve hate and mistrust, but these emotions also bind us to traditions of various sorts of culture. But most cultures are constructed to create a certain amount of well-being for their members. Economists largely ignore religions that largely promote the well-being of their members and more secular or even cosmopolitan concerns for the well-being for outsiders.

Within economics, there are infrequent mentions of emotions with Keynes concept of “animal spirits.” Though neoclassical economics have not taken up the concept of emotions and the field of economics in general avoids it, George Akerlof and Robert Schiller refer to animal spirits as the “noneconomic and irrational” aspects of social life that propel markets. These two Nobel Prize winners present five types of animal spirits or emotional aspects of economic action. The first is confidence by investors or consumers that provide the ups and downs of markets. Confidence can be very unstable and unpredictable, and it is prone to the “irrational exuberance” of a rising bull market to the almost “paranoid gloom” of bear market crashes. Rather than listening to economics, market commentators and prognosticators ride on the emotional confidence of investors in supporting a rising market or consumer confidence causing a rise in sales and a resulting surge in stock prices. A second type of animal spirit is fairness, which is mostly dominated by efficiency in the economics literature. But when the economist Albert Rees was dealing with administrative problems in his many different posts, he had to deal with “fairness” conceptions and beliefs of many groups. And labor (not to mention sociology, anthropology, psychology, and geography) in general constantly brings up fairness as a major concern that negotiating groups have concerning wages and working conditions.

A third aspect of animal spirits concerns corruption, immorality, or

cheating in general. Akerlof and Schiller\textsuperscript{28} point to the many manipulations that market investors and firms may engage in ranging from outright scams of many Ponzi schemes that never really intend to be money making ventures to the actual murder and thuggery of gangster capitalism present in the new markets in Russia and elsewhere. Neoclassical economists sometimes view this as opportunism, but much of it slides from the grey areas of legal interpretations into blatant robbery, murder and “offers one cannot refuse.” And an opposite force sometimes comes to meet this is immorality with religion sometimes backed up by laws to the extent that they can be seen as legitimate and enforceable. A fourth type of animal spirits is “money illusion” which is more of a cognitive issue. This is when decisions over time are affected by nominal money values rather than the real wages or costs of goods and services.\textsuperscript{29} One can see this in long-term contracts that focus on current rates and ignore longer term costs over time. All contracts should have cost-of-living adjustments and we should live in a world of adjustments based on real income; however, this is rarely the case. Offering the nominal amount of money in the short-term bargains reigns supreme as people don’t make real money adjustments.

Finally, Akerlof and Shiller refer to story-telling or narrativity, which is the clever and skillful packaging of bundles of emotions into plots with some twists that capture people’s imaginations and believable explanations of events, both in the past but more importantly about what will happen in the future.\textsuperscript{30} Regression equations are the stock and trade of economists, but they make lousy stories. In order to move people’s emotions, they need a more compelling tale with elements of the previous discussion – confidence, fairness, immorality, and illusion – in order to motivate them will some sort of orchestrated effervescence of emotions. Needless to say, this is not in the stock and trade of econometrics. Akerlof and Shiller do not plum the depth of human emotion, but as economists they uniquely point to many emotions that are directly involved in market processes. But their turn to ‘animal spirits’ only came about in the face of a major crisis and they are still ignored by most neo-classical economists.\textsuperscript{31}

Beyond emotions and tradition, Weber did have an overriding concern with one type of rationality that promotes maximization and also human suffering -- bureaucracy, the rise of capitalism, and even science with new discoveries. Doesn’t this mean that the machine of rationality is taking over society? While

\textsuperscript{29} George A. Akerlof and Robert J. Shiller, \textit{Animal Spirits} (2010), 41.
\textsuperscript{30} Ibid., 51-58.
\textsuperscript{31} The exception to the overlooking of values is the more cognitively focused behavioral economics that focuses especially on cognitive anchoring, fairness and money illusion (Kahneman and Tversky, 2000, Kahneman 2013). However, their often clever experiments do not question markets but rather try to add their accuracy. Nonetheless, they do include some issues related to emotions.
Weber was very troubled by this vision of an “iron-cage” of rationality, neoclassical economists should not take heart that Weber is supporting them because in fact he is criticizing their world view. In order get our humanity back, we have to rebalance our decision-making to embrace theoretical rationality based on more fundamental values than unfettered growth, and cultural values of well-functioning traditions and positive human emotions. While this may be putting words in Weber’s mouth, he in effect is saying “neo-classical economist, heal thyself.”

Amartya Sen and Edward Fischer take Weber’s theory a bit further in terms of markets. The first step is that economic decisions are not only made about prices and profits, but they are also made concerning quality of the product (implying quality of life) and the values that these products tend to create. One may make economic decisions based on the price of the product, the quality of the product, and the values or justice that they engender to an increasingly global community. Fischer argues that the order of these components of decision-making may be reversed with the values coming first, the quality coming second, and the prices coming last. This is certainly turning this decision-making process on its head.

Fischer gives the examples of buying eggs in Germany and fair trade coffee from Guatemala. In highly industrialized Germany, eggs are graded into four categories: organic and free range, free-range, cage-free, and caged. To the human eye, the eggs largely look alike. In Hannover 60% of consumers buy the organic or free-range eggs at 4 to 5 times the cost, and in Germany as a whole, 30% of people buy the same product. Why would maximizing rational people spend more on something when the product is not larger or does not particularly taste any different? The reason is that the decisions are based on values that indicate that chickens should be treated in a less horrid way than caged birds given artificial growth hormones. Another reason is that these people belong to communities (religious, political, or otherwise) that hold each other to social norms that constrain their actions (social pressures may exist that make one less respected if they are seen buying caged eggs). A similar logic applies to human producers. Why would people buy ‘fair trade’ coffee from Guatemala when it costs 30% to 60% more than free market coffee. A first reason is that they are expressing values that Guatemalan coffee growers should be able to make a decent living growing their crops and not be subject to dictates of demand and supply in a world market. The domestic living-wage movement expresses a similar concern. A more social reason may be that they support the family and community values of Guatemalan communities and don’t want to see them supplanted by profit-seeking corporate values. Emotions and theoretical rationality are involved with these decisions such as doing the right thing or seeking solidarity with others.
This then returns to Karl Polanyi’s discussion of the forms of exchange that put a little bit more interactional meat on Weber’s decision-making bones. Polanyi sees labor in social interaction as being based on four principles: reciprocity, competition, joy of work, and social approbation or social pressure. Markets are mostly involved with competition to get the lowest price or highest quality for the price, but reciprocity, working for craftsmanship, and social pressure put the transaction into a complex social web where people know each other and have to respect the ebb and flow of their own ties to others. Much of Polanyi’s work is based on the anthropological work of Bronislaw Malinowski, Raymond Firth, and Richard Thurnwald. In my own work, I develop this in terms of restricted exchange between strangers or competitors and generalized exchange between friends and within families. Generalized exchange can be further put forth as bonding social capital or exchanges that take place for the benefit of the neighborhood, kin group, or for the community in general. Exchange theory has developed these concepts even further with experimental research.

Economists may argue that this may be a limited market segment of world production. But beyond reciprocity within families and communities, one finds that more affluent citizens may make these more moral decisions where values predominate over profit, and in the advanced industrialized world, there are many people who can afford to make these decisions. Fischer argues that there are more of them in Germany than in many other advanced industrialized countries. And other institutions such as worker representation on corporate boards, works councils elected by workers within firms, and strong welfare states accompany these Polanyian type institutions. While economists may argue that people will not make these decisions if they are poor, what explains affluent investment bankers in pursuing maximum profits just for their reputation as a player on the street? Using Polanyi, these chrematistic processes (sometimes called ‘pissing matches’ in the vernacular) involve people who are affluent and could certainly afford to consider buying expensive eggs and fair trade coffee. What kind of rationality keeps them in what often becomes an exploitative game of maximizing

32 Karl Polanyi, The Great Transformation (1944), 270-71.
33 Bronislaw Malinowski, Argonauts of the Western Pacific (New York: E. P. Dutton, 1922).
profits for a life style that they hardly need? What kind of culture breeds this kind of behavior, where in the end, money does not buy happiness but rather simply increments in a rather dubious reputation.  

But there is another element that may not involve affluence but rather destruction. The environmental issue of global warming threatens the planet according to most natural scientists. Can the world restrain the short-term focus of global capitalism in order to take a long-term agenda to save the planet? The emotion here is long-term fear rather than feeling good in helping poor people in another country. Where is the self-correcting market mechanism within capitalism to counter this problem? Some consumers may make similar decisions to buy hybrid cars, avoid coal-based energy production, and limit carbon dioxide production. The issue here is not so much affluence allowing it, but is rather the long-term survival of society. Jared Diamond in his book on how societies decide to collapse or adapt made the argument that Norse farmers who colonized Greenland produced and ate dairy cattle until they could not produce enough, but refused to catch and eat the abundant fish in the nearby ocean. Looking at this from afar we might ridicule the beef maximizing culture as short-sighted and even ridiculous. Will people in the future look at our high energy consuming culture based on oil and coal in the same way?

**Bargaining Power Mechanisms in Markets:**

Going back to the world of competing strangers, market theory needs a more ubiquitous mechanism for market behavior that does not have to rely on economic equilibrium. This can be found in a micro-interactionist theory called social exchange theory. Karen Cook and Eric Rice (2001: 715) indicate that a “marriage of exchange theory and economic sociology” is “promising.” This approach establishes a basic market mechanism that shows that nearly all market transactions are negotiated in terms of unequal power. Social exchange theory is a modified product of rational choice theory. It was started with George Homans and Peter Blau, but found its most important developments with Richard Emerson and Karen Cook. They developed the basic idea that power is based on

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36 Economics often starts off from the assumption of scarcity. Because scarcity is always present, people will maximize their profits and minimize their costs. However, the issue of affluence questions this basic assumption of scarcity.


dependence.

More specifically the power of Albert is based on Jim’s dependence on Albert, and Jim’s power is based on Albert’s dependence on Jim. And the overall power relationship can be based on comparing these two dependencies. Dependence itself is based on having fewer alternatives than other people, and these alternatives are based on the probability of success in obtaining resources that you value. While they use many equations to express this, the more or less bottom line is that a powerful person has more valued alternatives of a relatively high probability of success than a less powerful person who has fewer alternatives and lower probabilities of success. This gets elaborated with formal equations:

1. \( P_{Albert} = \frac{1}{\text{Alternatives of Jim}} \)
2. \( P_{Jim} = \frac{1}{\text{Alternatives of Albert}} \)
3. Net Power of Albert = \( P_{Albert} - P_{Jim} \)

The inequality of bargaining power is laid out in figure 1 where everyone does not have the same power. High income people have many more alternatives than low income people because they control more resources. This theory is made more realistic with the application of expected value to the relationship. Alternatives have a probability of occurring and they have a certain outcome in terms of value. So any alternative can be evaluated by multiplying the probability of its occurrence times the value of the outcome (i.e., an expected value). So one’s overall power situation is the sum of their alternatives weighted by their probability and values. It is clear that higher income people have higher probabilities of gaining higher value outcomes than lower income people.

This micro-logic was pushed further into the macro-world by Samuel

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The process of determining probabilities can take place through certainty, risk and uncertainty. Under certainty, the phenomena will or will not occur. With risk, one can calculate a known probability that something will happen (prob. = .60), and with uncertainty the probability is more uncertain with a range of values (prob. = .40 to .60). More generally, one may refer to objective probabilities that can be calculated, and subjective probabilities where your assessment of what will happen is more or less based on a guess. While the risk of lotteries and roulette can be calculated with precision, most probabilities about the future are subjective probabilities that fall into well informed ‘guesses.’ But each participant also has an interest in shaping the others perceptions of the probabilities and values of their alternatives.
Bacharach and Edward Lawler in two books about bargaining in organizations and nation-states.\(^4^1\) A simple example might be that a broker who has many houses to sell has more alternatives than a buyer who may have looked at only a few houses. Dependence may be further exacerbated by the buyer “has to have this house” since it is close to relatives, a local park, or their work. The most frequent example is the unfair bargaining position of an individual employee seeking work from a large corporation. Under conditions of high unemployment the worker has little power since the firm has so many alternatives.

This type of theory is then plugged into every market exchange with the recognition that both restricted and generalized exchanges may occur (as discussed in the previous section). The power relationships are then as follows for high income person and a low income person.

\[
\sum \text{Alternatives high } (P_{\text{high}} \times V_{\text{high}}) > \sum \text{Alternatives low } (P_{\text{low}} \times V_{\text{low}})
\]

In figure 2, these bargaining power relationships are diagrammed. Given that the alternatives’ values and probabilities are equal, the high income person has twice as much bargaining power than the low income person. In figure 2, the situation of an employer who has many choices and an employee who has only one is portrayed.

\[
\sum \text{Alternatives c } (P_{\text{c}} \times V_{\text{c}}) > \sum \text{Alternatives e } (P_{\text{e}} \times V_{\text{e}})
\]

In this case, the corporation (c) has five times the bargaining power of the employee (e) given that the alternatives are of equal value. And when more information is available on the alternatives’ probability and value, the bargaining power differences are even more accurate.\(^4^2\)

While there may be a few market exchanges where bargaining power is equal, the vast majority of exchanges are conducted between the powerful and the less powerful and the very weak.\(^4^3\) For example, consider the mortgage officers

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\(^{4^2}\) Marxists may argue that this inequality of bargaining power is implicit in the ownership of the mode of production, but the exchange approach specifies the relationship in more detail, and it applies it to a wider range of alternatives than those only attached to the mode of production. Thus, unequal bargaining power is endemic in production and consumption throughout society.

\(^{4^3}\) The usual employer dominance over employees in market exchange can be reversed when a sports figure is a superstar. The sports star has many alternatives with nearly all teams wanting their services, and the sports franchises are in a weaker position because their alternatives to this peak star are few. Witness LeBron James saying that “I am taking my talents to South Beach.” But of course, he is not a low income person and he is backed by a powerful players union.
(who themselves are representing major investment and commercial banking interests) offer a low income couple entry into the housing market that they would not otherwise be able to afford (a frequent occurrence before the collapse of the mortgage market and the 2008 Great Recession). The mortgage officer has many alternatives to using that money represented by the loan, but the low income couple now has a chance to buy a house which previously was only a dream. Their loan with relatively low payments comes with a balloon payment after 3 to 5 years. Clearly, the mortgage banker has more bargaining power in this situation. There are two elements involved, one of which some economists have dealt with, and another that they have not. The first is information asymmetry. Joseph Stiglitz, George Ackerlof and others have worked on this principle which basically indicates that the bank knows more about this loan and the couple’s ability to pay than the low income couple knows. More specifically they know that it will be very difficult for the couple to make the balloon payment 3 or 5 years. If the couple cannot make the payment, the bank takes back the house and sells it to someone else, and the young couple loses what they have paid into the house. But the second part of the bargaining mechanism is that the couple have few alternatives of any value, and the mortgage banker has many (at least until the housing market collapses on the widespread use of these kinds of predatory practices).

The final step in this part of establishing a social mechanism of markets is the replacement of marginal utility with bargaining power in each market transaction. Marginal utility states that economic incentives to invest are ruled by the additional increment of exchange value (i.e., profits but it can also be revenue) that one may obtain by engaging in a transaction. Thus, when these increments of marginal utility are high enough, investment is encouraged, and when they are low or negative, investment is withdrawn. However, this theory is a little too simple. It is basically establishing that a decider has a need, much like functionalist theory. It tells you very little about the terms of the exchange. One could argue that the extent of the marginal utility influences ones desire to stay in the transaction and gain more in the bargain, but that would directly fly in the face of low income couple’s rather suboptimal bargains. Poor people do not get more in their bargains (see the “poor pay more” literature on inner city food stores). One could reverse the relationship and say that the more marginal utility that you place on a particular bargain, the weaker your bargaining position. However, this plays into a social dependence theory of bargaining power, a theory that marginal utility seeks to avoid. The marginalists see the automatic balancing of marginal utilities in a market as a rather smooth process, not one laden by dependencies and power relationships. However, the social bargaining power approach places the unequal bargaining power of the two parties at center stage as a replacement for the marginalist’s mechanism for market functioning. Thus, power dependency
constitutes a clear market mechanism of exchange at the micro-level.

**Market Failure and Economic Crisis**

At this point, I would like to return to Marx and others to discuss market failure. Within the economics literature, market failure has a very specific meaning. It refers to areas of life where markets do not work, and governments or other cooperative civil society organizations should step in to provide goods and services. In a sense, the market does not solve collective action problems, and the state or a civil societal community needs to step up and provide the collective good (e.g., roads, sewage systems, water supply, and even social welfare payments for those who are more or less discarded by the market). But outside economics, market failure most often refers to where the market is supposed to be doing its job, especially financial markets. Major recessions and depressions often connected to the banking and stock trading systems throw thousands and even sometimes millions of people out of work, bankrupt various corporations and governments, and cause a great deal of social havoc and suffering. This is the market failure that most non-economists are concerned about.

Marx has had the harshest criticism of the capitalist market system. He said it as prone to failure as the business cycle deepens and crisis leads to great suffering along with exploitation. There are two major ways that Marx explains crisis. One is through the lower and lower wage payments that firms provide when competing in cutthroat markets. As workers receive lower wages, they cannot buy the products that they need and buy the goods that keep the capitalist system growing. Marx then tied this immiseration thesis with a theory of the declining rate of profit, which is much more oriented toward firms. This decline affects how organizations act and investors put their money, which are also declining since they get dividends and other revenue from stock purchases or lending money to firms. Marx was not totally clear about the declining rate of profit in the third volume of Capital because he referred to it as “a tendency” rather than a clearly stated law. However, whatever the source, Marxian theory has always maintained that there is a strong sense of crisis attached to the capitalist system and that its most important parts emerge from the exploitation of workers.

While crisis theories are quite useful when there is actually a crisis, when times are good for the economy, crisis theory fades from view. Despite and also because of exploitation, capitalist economies have had sustained periods of economic growth. Joseph Schumpeter has often linked this to the entrepreneurial approach of ‘creative destruction’ whereby industries grow through their own life

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cycle, and as they decline, new industries based on recently developed technologies take their place. Consequently, although there is decline, it is always superseded by the growth of new products, technologies and firms employing large number of workers. Crises come about when there is a technological lull in producing new industries or when consumers or investors are hesitant to embrace new technologies. This leads to a more or less standard theory of business cycles from which recovery is lamentably slow but somewhat inevitable.

However, there are recessions and depressions that are more intense than others. They are so slow that the short-run business cycle seems to move into a long-run decline. And Keynes is famous for his dictum that “in the long-run, we are all dead.” This is where Hyman Minsky’s theory is particularly useful. He puts forward three stages or types of financing that affect stock markets, investment banks, and other investment venues: hedge, speculative and Ponzi finance. In hedge financing, investors are relatively conservative. They expect the cash flow from their loans or investments to be “more than sufficient” to meet their commitments in the future. In other words, prudent investment is hedged by dependable firms using their money and repaying it within an expected period of time. In speculative-financing, banks expect cash receipts to be less than their commitments in the static short-term, but they expect additional growth opportunities that will increase the value of their investments and their revenues in the dynamic medium-term. So compared to hedge-financing, they are taking a risk that economic growth will occur to pay for the somewhat risky bets they are taking. In Ponzi-financing stage, banks and financiers make investments where not only is the return of interest or repayments rather insecure, but their own investments are borrowed to make those loans. In a sense, they are taking a double risk. This process can fit well with the political business cycle theory of Michał Kalecki where ruling politicians can reinforce these processes or initiate them through inflationary spending.

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50 Although the political business cycle when incumbent politicians try to increase growth before elections is important, I only mention this aspect of the explanation to focus more on the market arguments of this paper. In a sense, this falls more into Polanyi’s argument of state enabling and
Cycles come about in moving from hedge financing to the other two stages. The banks or financiers increasingly expect to make a killing in a major growth industry. They are driven to these other two stages by three factors. First, hedge financing is generating low but steady profits. But they see other firms making more money. The success of others makes the hedge-fund firms’ low profits look like failure. As a result, investors may move from the hedge-fund bank to riskier banks, causing a diminution in capital of the hedge-fund firm. Second, these next steps are based on expectations of large profits, and a certain amount of greed enters into the picture as their investors are always looking for higher returns. These expectations of profits double back to reinforce the optimism that future transactions are a sure thing to score future profits. And third, once they enter the speculative stage and are not covering debts, they need to “double down” with more risk believing that a bigger gain in Ponzi finance will bail them out of their debt-burdened predicament.

While the business cycle has ups and downs with product and industrial life cycles, financial cycles operate with their own logic to push financiers to more risky alternatives and sometimes disastrous consequences. Mainstream economic thought on business cycles include growth spurts (as with automobiles or computers) and a boom may last for a decade rather than the usual 3 or 4 years. Speculative and Ponzi financing will take off during these periods and it may be difficult to differentiate between legitimate growth, delusional expectations, and outright frauds (e.g., Bernard Madoff massive investment pyramid scheme). Once a sufficient percentage of banks and investors have reached the Ponzi finance stage, it is only a matter of time before the bubble bursts and the economy tumbles down in the stock market and then affecting nearly all firms and workers. Massive government intervention is then necessary to reflate the economy and get the labor force back to work. These periods are especially painful. Minsky’s point is that because of the pressures to move to more profits either through greed or through rear guard actions to keep ones investors in the face of other apparent profit makers, the cycle is largely inevitable. The severity of cycles will vary, but they will continue to appear. One of the major difficulties is to differentiate between “legitimate high growth in the future” and “bubbles” that are manufactured by what Federal Reserve Chair Alan Greenspan referred to as “irrational exuberance,” which he warned about but then became subject to himself. A major problem of these latter two stages is that fraud or unwarranted exuberance need not be an actual pyramid scheme, but may simply be encouraging investors to pursue a good investment that everyone else will get in on. In the 2008 great recession it involved mortgage bankers encouraging customers with little bargaining power to take loans with balloon payments they

regulation of markets.
Michael Kalecki, "Last Phase in the Transformation of Capitalism” (1972).
could never make. It involved investment banks and brokers encouraging clients to buy stocks or funds that they knew were “dogs” destined to decline.

After such crises, there is a call for government or industry regulation. This tends to be short-lived in most cases, though the Glass-Steagal Act remained in effect from the 1930s to the 1990s. In the current crisis, the Dodd-Frank Law to curtail these problematic financial misdeeds garners immediate attention, but as time passes conservative governments backed by the financial industry whittle away at regulation with the argument that they are preventing economic growth, a goal that all politicians want in one way or another. As Carmen Reinhart and Kenneth Rogoff say in their masterful study of eight centuries of major crises: “This time it is different.”  

There are plenty of investors, firms, and banks that argue that we are on the edge of a major boom and that only a fool would not jump in. And so in actuality, the fools jump.

Conclusion

This article makes no claim about ranking or synthesizing these theories. These are the five main challenges to market rationality and efficiency that now exist in the social and behavioral sciences. Various parts of all of them could be synthesized into a larger theory, but that work remains to be done in future work. In this conclusion, I will indicate how these theories are compatible or contradictory, and what possibilities may exist about synthesizing them into a more comprehensive theory.

These challenges are pitched at different levels. Polanyi points to the state as the constructor and regulator of markets that keep the system going. Fligstein points to the role of firms in using a ‘conception of control’ to come up with new ways of making markets function given the constraints that the state may impose. Weber, cultural sociologists, and economic anthropologists point to how decision-making mechanisms may work together to combine rationality, tradition and emotions into different types of value configurations that may rank quality, justice and price in different sorts of ways. The bargaining power theory points to the precise inequalities that may be present in market relationships operating under competitive rationalities so that inequality is always created and recreated rather than whisked away by claims of efficiency. And with crises, Marx, Schumpeter, and Minsky point to the inevitability and actual mechanisms of predictable economic conflagrations. Polanyi and Marx are more macro than Schumpeter and Minsky on crisis. Fligstein operates more at the mezzo-level in his approach. And the cultural decision-making and bargaining theories point to a micro-approach that pinpoints mechanisms of inequality, but also of cultural constructions of

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traditions that may balance efficiency and justice, or not.

Each one of these challenges poses different sorts of power issues. First, labor markets mitigate against workers when there are few alternatives as during high unemployment. This is ‘marketplace bargaining power’ based on tight labor markets. Second, labor’s position in the production process can give workers ‘workplace bargaining power’ with leverage over capitalists, resulting in the power to strike and raise wages or improve working conditions. Labor law has a lot to do with strengthening or weakening this power. Third, ‘associational power’ in terms of unions (UAW) or interest groups (NOW or the NAACP) can lead to coalitions and growing political power. And fourth, ‘informational power’ can come from open access to information and the evening of information (lessening of asymmetrical information) in bargaining situations. State regulatory power can have a lot to do with the power of corporations and other private firms. Future work would need to flesh out these powers in terms of policy, as this paper has focused on the theoretical challenges currently being faced by unruly markets.

It is beyond the scope of this paper to synthesize this into a more general theory. But social scientists are working in the fields of economic and cultural sociology, and economic anthropology to create a more complete theory of what we might call “social markets” for the future. The policy implications of this approach will definitely challenge the oft claimed queen of the social sciences – neo-classical economics.

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Bibilography


Appendix

Figure 1: Bargaining Power between High and Low Income Persons

Note: Each alternative is evaluated according to its probability of success (Prob) and the value of the alternative (value).

Figure 2: Bargaining Power between a Corporation and a Worker
4 poems

JOHN F. SHERRY, JR.
University of Notre Dame

robbing peter

they argue for hours, carping over coupons
    and rebates dated just before the mortgage,
dunning letters littering a tabled shimmed
    with inserts from the weekly shopper,
red ink seeping from each column of the checkbook,
    cracked plastic cover scuffed and scored,
hiding scrimp and kiting, debt demanding
    more than might be wrung from turnip, spun from flax,
until, imagination lapsed, they withdraw, spent.
**holy days**

i spent the solstice wintering in the aisles

of wal-mart,

rounding endcaps spruced with plastic pine and balsam.

intending just to browse

i stopped to forage,

   dissolving class allegiance

in the crass commercial call of christmas.

   i plucked a random ornament,

orphaned in a ransacked bin,

   a solitary santa,

foot poised on an unhoused chimney

   as if stepping to a bar rail,

about to down another

   sooty shaft.

emblazoned on the bauble’s base

   the middle kingdom origin of its making

a fortune cookie oracle:

   all gifts return to china, from whence they mostly come.

ibought the ikon,

   wrapped it as a present

and gave it secretly, and with a guilty thrill,

   to some unknown friend.
retail benediction

it happens to you, i know.
you trade up your truck,
upsize your cell,
amp your flatscreen
and before you’ve fled the sales floor,
beyond the thousand yard stare,
cool hand clasp,
one-stroke-arm-pump-practiced-smile,
between catch and release,
invoice and invocation,
the merchant coven blessing is conferred:
“CONGRATULATIONS.”

do you marvel
at this mercantile hosanna,
feel unworthy pride,
or simply cringe?
“let us give thanks
together to the gods”
the incantatory literal
intent, the prophet motive
of its chanted cant
a tribal affirmation of
our primal tie to goods,
exalted, exchanged, expunged.

your having is affirming,
each buy a milestone,
a millstone,
the tournament of value
your most holy call,
dog’s breakfast of champions,
stronger than dirt,
possession, enthusiasm,
one and the same,
a sacrificial goad compels belief:
the owned now owner
and the owner owned.
trickster at Howe and Helmcken

a palsyed puffing on a scavenged butt,
erratic jangling of a few cupped coins,
parked outside Starbucks in a battered wheel chair,
cardboard caption like a pillory post
(or signboard from an old morality play,
perseverance perhaps, or faith)
proclaiming diabetes,
nodding to another nomad
wheeling trash-bagged treasure
in a borrowed shopping cart,
observering caffeinated customers
like belugas in a seaworld window,
like Ahab sans the Spanish ounce,
and all the while two ravens
tap dance on an almost empty avenue,
hopping on and off the curb,
they skip a pas de deux about
a smear of maybe burger maybe fries
pounded to pemmican and pressed
into coldpatched pavement.
the smaller, finally shamed to flight,
the larger with a bolus gleaned from tar
takes up a vigil on the curb
A Town Without a Market

SAAKSHI JOSHI
University of Delhi

The intense heat has made the waters recede a little, exposing the ruins of a few submerged villages. They hide again once the rains arrive, but I envy their time in the sun and the air.

A silhouette appears in the sun. I squint at it through stagnant reservoir water as I sit here on the silt at the bottom of the lake. It is a human standing near the dam, observing the trail of recent landslides on the mountain slopes. Another one appears next to it and points at the center of the dam reservoir, somewhere above me.

“You see this area, around a hundred meters from the landslide? This is where the rivers converged before the dam.” The sounds are a little distorted, traveling through muddy waters to reach me. “This is where the market was, surrounded by the town. We all miss that market. It was the heart of our community.”

I gaze at my friend and companion, the town, resting tiredly beside me beneath these decaying waters, the mountains our sentinels. We both hear the same sounds and are engulfed in a similar bittersweet nostalgia. They say a new town has been built in my companion’s name, with a new market which is but a single, narrow road. We indulge in a sad laugh. As if giving a new place an old name makes it the same place. As if some cement and bricks can easily be called home. As if a bunch of shops opened along a stretch of road can suddenly transform into a market.

Hello there! I am the town market. Or was. Which town, which market, you ask. As tragedies grow more universal and more towns gather stories underwater, does it even matter? I can be any market and this can be any town and this might be your story-already happened, happening, or waiting to happen.

“You would never believe how crowded the market used to be! When I was a kid, I would come home only to keep my bag and change my clothes. Then off I would go, to meet my friends at the market.”

This makes me smile. They are talking about me, again.

“All the shopkeepers knew us. Some of them were either mine or my friends’ relatives. The market was a part of our daily lives. Just like the school
playground. As kids it was a gathering place, during the teen years it was the place to sight your crush and attempt a blushed conversation.”

Those were some halcyon days alright; when I was up there. Now I am here, dissolved. Bereft of air and breath, but alive nonetheless.

Nobody asked me if I had wanted a dam. And nobody bothered telling me the unsure future. For a long time, many human years I suppose, I only heard people trying to avoid talking about it. Their deliberate silences resonated with my mute witnessing.

Those chatterbox radios in the shops started it all. They were the initial source of information about a dam being built. These humans laughed it off, as if brushing aside a bad joke. They would gather around those radio sounds, over some chai and snacks, mocking even the faintest possibilities of water engulfing them. Then there were times they discussed the dynamite blasting for the dam between coughs, as the entire town lay covered in clouds of dust and smoke.

Eventually I transformed into a gathering place for chants, slogans and protests. Increasingly the shops remained more shut than open. The people came, not to linger at the shops, but to sit on the road. Their faces stern and stony. Chanting, shouting, crying. For us, for the unbridled river, for the wise mountains, for a hopeful world. I also started discerning some new humans. They looked out of place, the way they spoke, the way they walked. They felt different and temporary. The way they toured me, or their interactions with the river. Later I would recognize these new ones painting large ‘X’ on shops, putting locks on the shutters, transforming the familial waters into an alien entity.

And how can I forget the mayhem following the violent shaking of the earth on a nearby mountain! Blasts for another dam had caused it, leading to many deaths. It triggered panic here, I remember that well. The humans collected fiercely to oppose the dam here, to protect their lives. To save our lives. Who would have thought death would follow here. Not human, but of a social kind.

Just before my drowning, I would see some of the new humans herding the last known human figures away. Then the dam tunnels shut down and the waters rose. The inception of a deathly decay.

I wonder if they never believed the dam would be built, or if their performances were a denial of the impending inevitable.

A human throat clears itself above me.

“The market comes up in almost all the conversations I have with people
here. It definitely was integral to your lives.”

“You see, you are from the city,” responds the other voice, a familiar baritone. “Your markets are more detached and impersonal. That is how the new market is turning out to be. We smile when we meet, but that warmth is lacking. We talk but don’t really converse. Our old market cannot be recreated. It provided for everything we needed. Look around now, what do you see? Now people have become more scattered and withdrawn. We are becoming strangers, if we haven’t already.”

I look up to follow winged creatures against the blue sky. These flying shadows can see so much more than I do. What sense do they make of what they see below? Against the giant mountains these soaring solitary beings give me a sense of uselessness. I wish to know what they see and how they interpret it. Each day when I hear the people, I want to see what they see now.

Do they see me as they walk through the new roads?

Do they still see the familiar bends, potholes, and street corners?

What about that old banyan tree the humans revered?

Or the ghosts some of them encountered each night?

Do people still carry out processions through the new market?

Do they still gather around the radios with chai to share the daily gossip and debate politics?

Does the new market have all the shops – open and covered, as I did?

Are the dogs still being lazy near the carts? Are the shopkeepers feeding them?

Do people still loiter around after their purchase?

How does the weather feel on the slope?

Or the water from this reservoir which imprisons me?

Do the humans think of me as much as I think of them?

I want to think they do. Their conversations make me hopeful. Neither the town nor I wish to be forgotten. It scares us, this thought.

“There used to be a bridge connecting the town to the surrounding
villages. Every morning, people from the villages would come to the market to sell their farm produce. They shared camaraderie with the townsfolk. People knew who was from where, about their families. The market wasn’t just a place to earn money. It provided for the poor. The sellers would give something or the other to them free of cost. Nobody would go hungry. People looked out for one another."

I can’t shut myself away from this eavesdropping. The way these humans talk turns me to water. I don’t want to be just a topic of nostalgic conversation; I want to be an active participant.

I want to join in, to tell them how daily lives were shaped around me - when I would open or close, when I would be crowded or deserted. I was the heart of everything, I was secure comfort.

Lovers have chanced upon one another walking through me; I have been a haven for stolen glances in the rambling crowds. For the elderly I was a bridge to meet their friends, to once again be those young girls and boys. To me the children would come with their grandparents and walk around. I was a playground for youngsters, a rest stop for weary travelers. For daughters who were married away, I was the vessel of maiden memories. For the villagers from nearby areas, I was a second home. I was the last stretch through which the dead would pass before they transformed to ashes.

I was also a reliable broadcaster. Any news (or gossip) that had to be spread just needed to be said here once. Rest assured it would travel to and reach the entire town population in no time.

I was the medium through which news about the dam spread. I was the center of the panic about an uncertain future, the stream through which the humans marched and chanted their slogans about saving their sacred river.

I was also a space where human divides would blur significantly; where the poor could take away food without money, where people would return to you your dropped bag.

And I was also a witness to my own demolition and subsequent ending by humans- some known, many unknown.

My own death from the land is etched deep within me. I remember it well, and sometimes I remember it over and over again. When the first wave of water had touched me, I had felt a coldness quite different from the one during monsoons or winters. I heard cries, human cries, worse than the screeching of the radio sets on bad days. I also saw humans dragging humans away. On boats. The water spread its lair on my territory, gradually turning it into a stranger. I was a host about to be destroyed by a parasite. That final day when that huge, huge rush
of water ate me up, I was an unarmed soldier, deserted by its battalion, facing a firing squad. No last minute changes happened, no secret notes to halt the execution. There were many bystanders, and it was over in a flash.

As that terrible memory erupts again, I turn to the town for solace. I try observing it in its entirety. I try making sense of myself, relative to my confidante. In one of the town ruins, what was once a temple is now a story of a few remaining stones. I can see the contours of terrace farms, a faded green. I see empty houses with hollowed doors and windows, like gaping eyes and mouths, weeds growing where people thrived. The dam reservoir casts shadows upon us, blue-grey and cold.

Lying here now, with nothing but the town and the past as anchors, I erode into worldly oblivion, few bits each day.

(The baritone breaks in again).

“The new market… it is lifeless. People just sit around idly, play cards, sleep in the sun, or wait in their empty shops. Or we talk about how our lives have turned out after all those years of protestations and compromise. It is so much more difficult for villagers to reach the market. We have to travel more since the bridges were blown to make way for the dam and the roads.”

(A damp pause).

“I wish I could show you what I am saying. So that you don’t think I am making it all up only for your interview.”

“No, I understand” says the other, lighter voice. “Please, continue”.

“What are we left with? The dam led to such a large scale uprooting and displacement. Many people have been re-located to distant regions. There is no business to speak of. You have seen how deserted the new market remains. The town is limp. I see more birds in the sky than people on the roads. The bus stand is always deserted. Nobody wants to come here anymore. Many of us are thinking about heading to the plains. This is the future the dam gave us.”

I can only listen and ache as I hear this. Human whispers, thousands of them I have heard till now. Small words, big words, stretched words, murmurs, howling words. How good it all was, until it happened. Something they called ‘development’. The people are still confused about what they were promised and what they received. And what they lost.

I hold onto those spoken words which linger long after they have been
said and persist with my existential crisis at the bottom of a reservoir. I muse about a weather when I was pleasantly warm and full, when the river sang to me from the sides. I talk of days when people were mostly satisfied with what was there - families, long walks under the moonlight, laughter which echoed, sorrow that was shared, mountains and rivers that were worshipped, grandchildren who held their grandparents’ hands, money which had not yet blinded anyone…

That was the town with the market. That was me.
Two Poems on the Hong Kong Democracy Movement

JENNY BANH
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These are two poems about the Hong Kong Democracy Movement.

World’s Youngest Democracy Protester

Dark skies cover toxic twirling air
Mardi Gras light on Post 1980’s student protester
Beijing lies and Taiwan furrows
Generic Police sweeping with batons behind eyeless masks
Hong Kong people have dry eyes

7-year-old cries, Why can’t Hong Kongers have Democracy?
Lights are dancing, Umbrella students are chanting,
Democracy Now! Democracy in Hong Kong!
Strangers from different shores watch
Hong Kong people have dry eyes

Ransomed by Old Ben
Punched by the Great Wall
Subjugated by the Rising Sun
Molested by international Capitalists
Hong Kong people have dry eyes

Hong Kong Feast

Let me invite you to a feast
Hong Kong people are so tasty and preseasoned
Barbary Lion devours their soul-hearts for Opium and Tea
Koi fish munch on bound hands and feet
Bald Eagles swoop for a meatier cut, bringing a Mickey Mouse
Giant Panda, the most eager to gorge, sucks the head off first
The Next Time the World Goes Downhill: America and the 1983 Ethiopian Famine

BETHANY SHARPE
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Introduction

On December 10, 1985, Ronald Reagan signed a proclamation establishing a Human Rights Day in the United States. During the ceremony, he said that “America has, since its founding, been a refuge for those suffering under the yoke of oppression.” As if to further persuade his audience of the importance of this refuge in contemporary world politics, Reagan described governments throughout the world that, according to him, stood in antipathy to U.S. liberal-democratic values. He wrote of Afghanistan, Cambodia, and Nicaragua. He also wrote of Ethiopia. He said, in particular reference to Ethiopia, that this was a “Marxist government that used famine to punish large segments of its own population…And the people and governments of the democracies have responded generously to those pleas with tangible evidence of our concern.”

Although the famine began in 1983 with counter-insurgency strategies instituted by Ethiopian leader Chairman Mengistu in the Northern regions of the country, two years passed before attention in the United States focused on the great humanitarian emergency taking place within that country. The increased attention culminated in the great LiveAid and Band Aid concerts and “We are the world” recording which garnered over sixty million dollars intended for African famine relief. The songs, resulting concerts, and the outcry about famine conditions proved much more than a straightforward relief effort. The humanitarian aid, referred to as “tangible evidence of our concern” by Reagan, were as much about articulating a specific vision of a future world as it was about providing immediate relief to broken and vulnerable bodies so far away.

This paper argues that the vision of a future world articulated by media, government, and aid groups coalesced around the transformation of Ethiopian famine victims from “unenlightened” peoples into world citizens that would act as torchbearers of liberal values, attitudes, and behaviors. In short, relief efforts

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3 Jonathan Benthall, Disasters, Relief, and Media (UK: Sean Kingston Press, 2010).
4 In a draft response to a letter proposing a regional food crisis center, Executive Secretary Malcolm Butler wrote that he strongly urged the author to consider a more subtle approach to food crises by working with those “African states choosing to implement improved agronomic practices.
acted as a beacon of hope for a unified world that conformed to these liberal principles. The management of the aid effort through the consumption of media images and the public’s purchasing power remained critical to that transformation. In the moment of humanitarian crisis that was the Ethiopian famine, the three varied forces of media, private non-profits, and government commingled to entrench a specific liberal understanding of the future world order that recognized individual choice, goal-tending, and personal accountability as the necessary ingredients to promote global progress. Ultimately, this world of thriving competition would render disasters like the famine obsolete. As media images and documentaries depicted the glaring reality of death in the refugee camps, relief efforts invited the public to participate in the emergency through purchasing power, and the humanitarian response generated specific claims on those receiving aid. The specific nature of this invitation allowed Americans to use the famine as an opportunity to remake and redefine visions of progress abroad.

In addition, this paper will discuss the conservative Cold War ideology that underpinned much of the future world vision that these three groups shared. The Cold War discourse used by all three groups to discuss the famine relied on a specific narrative in which communist and socialist countries subordinated the freedoms and liberties of the individual to the state which resulted in tyrannical rule. Just as importantly, such Cold War discourse framed liberal democracies like the United States as heroes who could, should, and would intervene on behalf of oppressed people. Indeed, Cold War ideas acted as an influential motivator for the public and media to pursue humanitarian aid. Even as both groups seemingly viewed the emergency as one which highlighted the basic equality of all humanity and rushed to meet the basic needs of man, it was Cold War politics that moved to the media, the U.S. government, and the public to act.

**Africa Redux: Media images and the need for aid**

Media coverage of the famine surged in the fall of 1984 after American news stations picked up footage shot by the BBC of a refugee camp in Korem, Ethiopia. English reporter Michael Buerk first broke the story of the famine when he found his way into the camp in October and began reporting on the huge numbers of people traveling to the area in search of food. As he described the scene as one of a “biblical famine…now in the twentieth century,” cameras panned out to show

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and enlightened agricultural policies.” December 26, 1984, NARA RECORD GROUP 286. The final version of the draft had replaced the phrase “more appropriate” agricultural policies.


thousands of bodies covered in blankets huddled next to each other. At other moments, the camera panned in to show close-ups of children crying, fear written across their faces. In other scenes, viewers saw mothers holding tiny babies in an attempt to breast-feed even though no milk remained in mothers’ malnourished bodies. The cameras highlighted the acute frustration of the babies as they cried out at the lack of milk. Within the same scene, fathers walked through the crowds carrying the shrouded, tiny bodies of babies that had died, seemingly from lack of food. Graphic images stunned audiences by showing starving Ethiopians literally dying in front of the camera.

As Fassin suggests in his theorization of humanitarianism, observers of the famine engaged with suffering at a distance, they did so only in highly qualified ways within well-defined and rigid boundaries. Media renderings of Ethiopians as a monolithic bloc of suffering allowed the reader to create their own narrative about the event and attach their own assumptions about the photos and images they saw, including the understanding of Ethiopia as a nation of innocent, dependent, and helpless children. A smaller photo inserted next to the burial preparation photo in the Life article, reinforced this theme as it showed a man gently placing his recently deceased four year-old daughter on a blanket. Like the burial photo of the woman discussed above, the central point of concern is the death of the child and the inability of the parent to prevent such an end. Readers only learn very briefly the age and name of the daughter, but no more which facilitated a connection to the images based on the imagining of a shared pain.

The limited textual context given about the victims allowed observers to rely on their own understandings of the world to make sense of the images. In this way, they disengaged with the full context of the victims’ lives, ignoring the complexity and historicity of the political situation facing the victims, by relying on their own understandings of the pain the victims faced. Little mention was made, for instance, of the continuous warfare that had been raging since at least the early 1960s between the Ethiopian government and its provinces in the north.

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10 David Breskin, “There Comes a Time When We Heed A Certain Call,” Life Magazine, April 1985, 126.
and the south.\textsuperscript{13} With little or no individualization of the people photographed, the consumption of media images about the famine invested the reader with a significant amount of assumptive power over what constituted an appropriate famine victim. These assumptions would eventually inform the kind of purchasing decisions consumers made in the emergency, by inviting them to anchor these images with their own narratives of the famine.

One of the most visible and cogent narratives used to make sense of the famine centered on the Cold War. The Life article highlighted the distinct Cold War discourse Americans incorporated in their reports of the famine. Speculation over how and why the Ethiopian government pursued certain food and emergency policies throughout the crisis served as an acknowledgement of deeper ideological forces at work and exposed how many Americans engaged with the political elements of the crisis. Images of innocent famine victims suffering at the hands of an evil Marxist-Lenninist regime deployed a simplified political schema to interpret the crisis: the Ethiopian people, often viewed as childlike and innocent, suffered at the hands of the communists and American responsibility mandated that efforts be made to save them.\textsuperscript{14} References to this simplified understanding abounded. One article, for example, argued that before any progress could be made in the crisis, American leaders needed to recognize the root cause of the famine issue as a political consequence of a communist regime. The author admonished that before the US rush headlong into a relief effort they must recognize that “adverse weather conditions set the stage for Ethiopia’s disaster, but it is the political priorities of Ethiopia’s dictator, Lieutenant Colonel Mengistu Haile Mariam, that have crippled Ethiopian agriculture and reduced its ability to cope with the drought.”\textsuperscript{15}

The constant heralding of American progress contained distinct paternalistic threads and acted as at least one guide marker in America’s relationships and interactions with the world.\textsuperscript{16} Carmen Martinez Novo discusses paternalism as a subtler version of racism. In this form of racism dominant groups use discourses “that have discriminatory effects” which are “constructed as manifestations of love” for those who have been deemed different, childlike, and

not equal. In the famine, racism coded as benevolent guidance shaped ideas of what did and did not constituted progress, infused media reports of the crisis, and acted as a litmus test of how Ethiopians responded to the emergency. News reports about daily life in the refugee camps gave readers a glimpse into Ethiopian lives and created comparisons between the “progress” of an American way of life and other more “primitive” cultures. Such comparisons tended to reveal the outcomes of “primitive” cultures as tragic and backward. In the Life article, for example, a graphic photograph shows a famine victim lying on her side on a bare floor covered by a blanket. Next to her legs is a newborn baby still attached by the umbilical cord. A MSF midwife tells the reporter that although there is an obstetrics table available to the Ethiopian women, most “prefer to squat on a swatch of black plastic on the floor.” Embedded within this comment is the suggestion that Ethiopian women chose to remain outside any of the obstetrics technology that facilitates “positive outcomes.”

Such a decision privileged Ethiopian women’s own understanding of the birthing process and the body’s ability to perform in that process over Western constructs of childbirth. The aid worker does goes on to say, “I knew this method of having babies was possible but I never saw it before…Now I think: Why not? It’s more natural.” However, this particular photo of a natural childbirth is placed next to photos of women delousing each other upon entrance to the camps and amidst other photos of starving bodies. Implied is the subtle suggestion that the preferred natural mode of childbirth, and the attending natural lifestyle, incurs substantial risks because it eschews the authoritative knowledge of medicine and technology that manages saving lives that is presented in popular culture references like movies and television shows. Here, “natural” stands in for “primitive.” In this particular scenario it becomes natural for aid workers, mostly Western, to step in and guide Ethiopian women in this emergency towards a more perfect understanding of how progress in areas like medicine can ease areas of their lives like childbirth.

Utilizing a paternalistic discourse generated images and descriptions of Ethiopian famine victims as unable to meet their most basic needs and valorized the Western aid workers who acted on their behalf. According to the article, in many ways the aid workers of MSF, or Medicine San Frontiers, became the only conduit to survival. One photo underscores this with the image of a white, female

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18 David Breskin, “There Comes a Time When We Heed A Certain Call,” *Life Magazine, April 1985*, 127.

aid worker from MSF walking steadily ahead of a gaggle of children in her charge. She is quoted as saying after meeting with the RRC that, “I was really fed up after the meeting with the RRC…I wanted to leave. But if I can still help a few people, there is a reason to stay.” Rooted within this statement is hierarchy of power overlaid on a sense of need; the famine victims need her to stay because only she, or other aid workers like her, have the capacity to defend the victims from the Mengistu’s Marxist government. Another paragraph references Benedict Clement, a physician in the children’s ward, who is “lovingly called Mother by her patients.” In this case, Clemente is providing information, expertise, and care for her charges in a way that other Ethiopians cannot– not even their own mothers. Clement fulfills a filial role by acting as a mother defending her children, who happen to be Ethiopians of all ages. In still another description, readers are told that in the face of huge numbers of refugees coming into the camp, “six doctors, ten nurses and a midwife face the wall-to-wall crush with a kind of determined cheerfulness.” Readers, working from a strong heritage of stereotypes about Africa, are given the sense that the huge numbers of poor, pitiful victims are incapable of fending off the effects of Mengistu’s government on their own. Like children, they needed stronger, wiser adults to protect and defend them.

Cold War and paternalistic discourse shaped the reception of the famine by American audiences and interjected a specific formulation of the outcome of the relief effort that surged forward. However, turning to traditional ideological explanations allowed followers of the emergency to work around the ambivalence surrounding the famine. Ideological explanations helped mask the racial underpinnings of famine representations because aid efforts were described as a way to guide and redirect childlike famine victims. Ethiopians and their nation had to be saved, but in emerging from the crisis they had to be a different kind of Ethiopian. Not only did their bodies require nourishment and sustenance, but they also needed to learn the behavioral principles of independence and choice-making. Just as American children had to be instilled with core tenets of liberalism that focused on independence and choice-making in order to forge a life of prosperity, so, too did the figurative children of Ethiopia. As the ideological vision of Ethiopia as a stronger, more liberal people and nation took shape, Americans began placing greater claims on the relief effort and recipients of aid as a means to ensure that vision came to fruition.

20 David Breskin, “There Comes a Time When We Heed A Certain Call,” *Life Magazine, April 1985*, 127.
21 Ibid.
Seen in this light, viewers understood in the famine a dire need for outsiders to step in and act as defenders and provisioners of aid. In this story, the aid workers and volunteers take center stage as their actions are described as “heroic” and elevated to an almost celebrity-like status. The plight of the famine victims becomes secondary to the bravery of the volunteers working on their behalf and suggests that without the vision of the aid workers miserable conditions will remain the status-quo. One grant submitted to the USAID explicitly speaks to the dire state of affairs in Africa that could potentially hamper even the efficiency of American aid workers if not carefully addressed. The group AfriCare, a development organization that had been working in Africa since the 1970s, developed a grant project to place U.S. medical teams in the camp sites as a means to provide emergency medical assistance. Writing in line-item justifications for a grant proposal submitted to USAID, the author noted that for those individuals volunteering to serve on the aid mission team, “the living conditions in the areas of Ethiopia in which they will be working…will involve major hardships for these individuals.” The grant went on to conclude that, “One has to actually visit the areas in question to have an idea of the emotional drain on the individuals faced with trying to maintain health services for the thousands of people facing starvation and living in conditions of absolute miser. In order to alleviate the strain on the volunteer personnel, AfriCare believes it is necessary to include some time during the period for the volunteers to get away from their depressing environment.” Ultimately, the author of the grant expects the cost of doing aid work in Africa to exact a high toll, but it is the expectation of a fruitful return that pushes the aid effort forward.

**Making cents: the problem of aid and the future of Ethiopia**

The first visual images and text of the famine stunned many Americans into action and relied on a well-known narrative to do so; the images created a story which cast the famine victims as apolitical pawns of a communist government that would undertake any lengths to strip people of freedom. Here, the association between children, innocence, and lack of political acumen played a central role in justifying the need for American donors to invest in the crisis with aid dollars, technology, and time. Colleen Williams, a concerned citizen, underscored this connection when she wrote to Vice President Bush that “my personal opinion on all this is I feel it was the Ethiopian government’s fault …. and I feel the Ethiopian people shouldn’t have to suffer for this.”

Dramatically increasing media attention on the crisis, highlighting

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23 Africare grant, page 17, NARA Record Group 286.
24 Ibid.
25 Letter to VP Bush, File Folder: Project Ethiopia, Drought Declared, Box 6, Record Group 286.
victims’ innocence, and emphasizing them as apolitical pawns in a communist game had two consequences. First, increased media attention triggered an emotional response from American viewers and prompted huge numbers of individuals to contribute to the Ethiopian aid effort.26 This effort coalesced into a world-wide care community in which amounts of money flowed from both large and small aid and relief groups into the aid effort in numbers never before seen.27 Second, as this compassion collective grew, a loosely structured community developed and placed greater claims on the recipients of aid. They demanded Ethiopians transform their values and behaviors into usable, workable traits that would prevent such a tragedy from happening again. In this way, aid providers circumscribed the images of adult Africans as innocent children and informed the means through which individual and group donors approached aid efforts. Donations and relief efforts became as much about providing dollars as about grooming the “children” of Africa into responsible adults.

The care community consisted of disparate segments that ranged from children, to businesses, to schools. Though the donations and offers of aid began as isolated, individual occasions to end suffering, eventually a loosely formed community formed around famine relief. Simplifying the political and historical context of the situation, media images of the disaster fostered a sense of urgency, and for a brief moment opened a window of imagined equality based on the vulnerability of broken and weakened bodies.28 Pulled by emotion and working under the vision of equality, people rallied to the aid effort. Many thousands of ordinary Americans called into relief centers asking how they could help and offering to donate money.29

It wasn’t just adults that thought they could make a difference. In May of 1985, the Los Angeles Unified School District spent two weeks pitting schools against each other to see which one would wind up on top as the number one fundraiser for money for Ethiopian famine victims. They aimed to raise $250,000 for needed supplies in the country. The ultimate goal of the campaign was to “help stop the dying and instill in students a sense of caring for the plight of others.”30 The strategies various schools employed to raise money were wide-

26 Fassin argues that emergencies attract large numbers of people in the early stages b/c of imagined equality
29 Interaction Grant, NARA Record Group 286.
ranging. Some presided over auctions, others held dances, and others had foreign-food sales, a riff on the usual bake sales common to school functions. Students did manage to reach their fundraising goal. One school alone, Birmingham High School, presented a check to the school board for $8,018.18. One school council member said of the reason for so much student involvement, “I think maybe kids are coming out of their apathy…..People are becoming aware of the world again. But it seems like it’s the ‘in’ thing to be concerned about.”

With a growing community involved in the famine and as more people entered into this community, expectations grew around the outcome of donation relief. Coalescing around a set identity and experience of caring for others, media recognition of this group effort imbued large and small donors with a sense of power over where their money went and how it was spent. Alluding to a disagreement between Ethiopia and the United States over the extent of aid in relation to the proportion of famine, media headlines cited relief officials declaring that Ethiopia was “biting the hand that feeds it.” Such sentiments were embedded within a hierarchy of power relations between nation-states and jarred with the rhetoric of Americans giving aid freely to any in need. Individual donors, for example, clamored for a visible return on the money they donated and still felt disappointment years later when Ethiopia faced the prospect of another devastating famine in 2004. During the relief effort of 2004, one radio caller “expressed irritation and outrage that Ethiopia was still in crisis fifteen years later after she had donated money to the Band-Aid appeal in the mid-1980s. What had happened to all the money, she demanded. And why couldn’t Ethiopia look after itself? The programmer presenter asked whether she would be donating money to the relief effort this time. ‘Certainly not,’ she replied.”

The sense of monetary accountability pervaded reports of the relief effort so thoroughly that one report cautioned against too much expectation. He discussed the difficulty of administering aid in famine-stricken areas and wrote that donors “must deal with one of the world’s least attractive governments. But this can be done without illusion and with an honest reckoning to Americans who contributed so much to Ethiopian relief.”

Public understanding of the famine soon coupled monetary accountability with ideological accountability. Heeding a certain call meant that many in the United States, and other countries, understood this humanitarian disaster as an

opportunity for ordinary Americans to collectively remake conditions in the world which precipitated suffering and deprivation. Popular culture magazines provided a simple answer to frustrations with conditions like those in Ethiopia that allowed famines to take place. One reader summed up this sentiment when they wrote in to the editor that, “The next time someone tells me the world is going downhill, I’ll just remember what 43 of the biggest names in in music did to make it better. It took USA for Africa to make me realize that I, too, can help!”

Other facets of the emergency soon emerged that contributed to donor expectations, including anxieties about race. As the aid campaign took form through direct relief programming and development activities, deeply political assumptions about dependency, aid, and race in the domestic context informed the creation of those initiatives taking place at the international level. Domestically, race framed an on-going debate concerning the abuse of government sponsored programs such as Aid to Families with Dependent Children (AFDC). Although by the time of the Ethiopian famine “racial science had long been discredited among scientists and physical anthropologists,” many Americans still continued to use racial categorization as a way to explain contemporary political contexts.

Images and a discourse of African-American mothers on welfare and abusing the program flourished. As a result, stereotypes of African-Americans as lazy and dependent took root, and the role of welfare remained heatedly debated in the creation of a productive citizenry.

The Ethiopian famine magnified the discourse around dependency and aid, and placing the conversation in the international arena heightened an awareness of what was at stake with aid. With current domestic aid debates acting as the backdrop, many donors feared that aid could sap the industriousness and vitality of Ethiopia’s future. Instead, what would emerge was a nation dependent on other nations – a macrocosm of what was happening with aid in the United States. To avoid this fate, many American donors made greater ideological claims on the recipients of aid during the famine based on fears that a proliferation of unmanaged aid would create a world that discouraged the full manifestation of a thriving, liberal atmosphere and the attending freedoms, privileges, and rights.

As discussions around aid need and delivery progressed, issues over dependent behavior emerged as the core site for individual and national

40 Ibid.
transformation and created fertile ground for donors to make claims on aid recipients. A post-famine Ethiopia had to include people who were diligent, hard-working, and able to fully contribute to the success of the nation through labor. In June 1985, a month before the largest fundraising event of the famine campaign took place with the dual concerts, Gerry Salole voiced concerns that the massive amount of aid destined for Ethiopia opened the possibility of sabotaging that nation’s future by engraining a sense of entitlement in famine victims’ perception of their circumstances. Salole, the field director for Save the Children, implied that receiving such a large amount of aid in such a short time period would cultivate a sense of dependency.  

He elaborated on these fears when he stated, “We need to try to understand what happens to people who are getting something for nothing… This has to be creating bizarre ideas about those who are providing the relief and generally what the world is like.” In articulating uneasiness with the relationship between aid and its recipients, Salole raised questions about the management and end-result of aid. He suggested that if aid continued unabated without some kind of investment or repayment from the victim, the victim would first, develop a misconception about how the world functioned and the place of progressive, advanced nations within that structure, and second, be stripped of any desire to develop skills needed to participate in that world. In this case, unless carefully supervised, aid efforts would produce the opposite of productive citizens.

As Salole raised concerns among the public through news reports, other private aid groups took their concerns directly to USAID officials. Some pushed for a solution to the famine that would span a greater timeline beyond money earmarked for only a short period of time within the 1985 fiscal year. Interaction, the large umbrella organization of over 100 private volunteer agencies, did just that. In a letter to the chairman of the committee that introduced HR 100 and HR 606, the President of the organization, Peter J. Davies, wrote that the group commended the legislation which “would provide both higher levels of funding and a broader range of assistance, including assistance for recovery and rehabilitation. It is our strongly held view that assistance for recovery and rehabilitation is just as important as emergency aid. Indeed, unless we make the extra efforts now to assist African countries in such undertakings as redevelopment of water resources and rehabilitation and improvement of agricultural production, we risk increasing their dependence on food aid handouts instead of encouraging greater self-reliance.”

If the public and private agencies concerns overlapped about the destructive tendency of food aid to foster dependence and entitlement thereby displacing the values of responsibility, self-reliance, and hard-work, government

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42 Interaction Letter to Congressional Committee, NARA, Record Group 286, (photo 5322).
workers within the USAID also remained sensitive to these anxieties. Indeed, documents circulating in the department since April 1984 revealed that USAID continued to struggle with the same questions that the public and private aid groups held over the future of aid and relief. A speech entitled “Disasters: Acts of God or Acts of Man?”, delivered to the World Affairs Council of Northern California on April 5, 1984 made its way to the desks of USAID officials. The speech resonated with workers and made clear arguments that answered many questions about the meaning of aid assistance. A hand written note at the top of the speech claimed, “Excellent speech, should be read by everyone in our business.”43 The initials JM followed the comment.44

The speech opens with a vignette about a disastrous earthquake that struck Lisbon in 1755. After discussing the reaction to the disaster by the public, to the author asks audience members to whether “natural disasters – floods, droughts, famines, hurricanes, tsunamis and the like as well as earthquakes – are Acts of God or acts of man.”45 In a few simple sentences he forces his audience to consider that “when disasters happen in the Third World, and droughts and famines seem to be on the increase in Latin America, Asia and Africa, do we react properly? Is disaster relief part of the solution – or part of the problem?”46 After surveying a range of disasters, including the contemporaneous famine in Ethiopia, for his audience, the speaker begins an analysis of the responses to these emergencies. He concludes that “one of the myths about disasters is that after an earthquake or a flood, or during a famine, people sit around in numbed helplessness waiting for helicopters to fly in with blankets and food. The truth is almost exactly the opposite: it is the delivery of food and blankets which causes this dependence and inactivity.”47 The sentiments voiced in this speech which circulated through USAID offices, echoed the same concerns about the consequences of aid that started surfacing in the media. For many, aid represented a fine line: too little and America would be shirking its duty to help heal the world and change its course, too much and America contributed to the further degeneration of individual potential. Misdirected aid risked dangerous consequences.

Without properly managing aid, famine victims risked becoming dependent on others for survival and in that process faced regressing into acts of

44 Although there is no conclusive proof, it can be speculated that this was the signature of Julius Marks, a high-ranking USAID official.
46 Ibid.
dishonesty and idleness. Taking seriously the consequences on Ethiopia’s future, aid donors, workers, and officials set out to ensure that a future of idle, dependent Ethiopians did not occur. They did this by building new cultural expectations around work habits in carefully managed aid distribution centers. Salole proposed an unofficial solution to the dilemma of dependence by encouraging food recipients to actively participate in the relief effort by contributing their labor. He noted that a form of this plan was currently in place in certain areas near food camps where volunteers built and repaired the dirt roads that Save the Children’s trucks used. Meanwhile, other aid recipients used their donkeys to transport food to remote villages. Salole summed up the effort by saying “They’re not being paid in money or food, they’re doing it as volunteers. That way they become participants in, rather than objects of the relief effort.” Most importantly, Salole concluded that “people who work for what they receive are less likely to come away with the impression that free food is something to which they have permanently become entitled.” For Salole, current aid operations represented a danger to the larger world structure by enabling dependency. He stated, that in its current form, “Relief means you can come in and say, “Here’s the food, take it.”” For Salole and other donors like him, relief operations needed a major readjustment in order to create a new, world that tamped down on dependent behaviors that exacerbated, or even caused, emergency situations.

Although some media reports did applaud the resiliency of Ethiopian men, women, and children, it was clear that aid experts felt they needed to properly manage and channel inner resources like resiliency as a means to guard against dependency. Without direct supervision and management of aid, officials like Salole wondered “whether aid provided over a long period may not stifle the initiative of the recipient” and render them incompetent for a future that required productivity and industry for survival. In part, such a view stemmed from the juxtaposition of camps, described as a location of progress, technology, and comfort, and Ethiopian terrain, described as a Biblical backwater. Survivors

48 Clifford May, “Field Notes on the Psychology of Famine,” New York Times, June 9, 1985; Jennifer Hyndman’s Managing Displacement: Refugees and the Politics of Humanitarianism (Minneapolis: University of Minnesota Press, 2000) and Liisa Malkki’s Purity and Exile: Violence, Memory, and National Cosmology among Hutu Refugees in Tanzania (Chicago: University of Chicago Press, 1995) both explore a different dimension of management in refugee camps, a different kind of aid center, in their works. While they discuss “ordering disorder” as a means to control populations deemed subversive, I use aid management to explore the ways in which donors sought to advance neoliberal subjectivities.


50 Ibid.

51 Jennifer Hyndman discusses the ways in which Western organizational methods are applied to aid situations in her chapter “Ordering Disorder” in Managing Displacement: Refugees and the Politics of Humanitarianism (Minneapolis: University of Minnesota Press, 2000) and Michael
spent time in camps that were outfitted with “large water-proof tents, street lights, generators, a hospital, free, hot food and guards at the gate” and which were seen as “a functioning town with far more amenities than its inhabitants have ever known before or are likely to know again.” Observers noted that leaving “such an environment can be traumatic.” Such a line of reasoning reinforced concerns about dependency and expressed wonder at the apparent willingness of survivors to remain in a place of comfort that they did not contribute to making.\(^{52}\) Even as aid workers on the ground and in the urgency of the operation developed make-shift and ad-hoc aid revisions, like Salole’s labor contribution program, the USAID also worked to re-make conditions in the camps that would alter and modify certain behaviors. The kind of aid projects chosen for US funding, hinged on the kinds of goals and aims they articulated in their grant applications. Many of those chosen targeted the very anxieties over aid-dependency and the production of liberal citizens that concerned government employees like Julius Marks.

**Remaking the World: Grant-making, claim-making, and the future of Ethiopia**

In spite of Reagan’s staunch reputation as a Cold War warrior, during this period his public stance towards the larger Cold War conflict edged towards an appearance of rapprochement as he sought to balance the demands of anti-Soviet fervor and peace brokers within his administration.\(^{53}\) With more public emphasis on returning to warmer relations and promises to avoid military conflicts, White House officials also focused on alternatives to further their vision of a free-market world order while appearing as the broker of a rapprochement with the Soviets.\(^{54}\) Publicly, in the spirit of the olive branch, they took care to rebuild cultural relations and work together on science matters like space initiatives.\(^{55}\) Behind the scenes, however, less conspicuous means offered a way for Reagan to assuage the concerns of staunch Cold War warriors who feared that Soviet strength would outpace the capabilities of the US.\(^{56}\) Officials found one such conduit in the form of emergency aid grants and immediate relief projects that worked to rebuild


\(^{56}\) Ibid.
Ethiopia in the image of a liberal state. The 1984-1985 famine functioned as an important space to implement such projects. Acting on the impulses of public concern, spurred in large part by media images of the famine, the US government officially sanctioned and funded private, non-profit programs whose project aims tied neatly with a neoliberal vision of the future. While on the surface, non-profits and the US government often appeared at odds, with one favoring liberal agendas and the other favoring a conservative course, their aims dovetailed neatly because of the ways each worked in relation to neoliberalism. Reagan’s overt policies and actions to create a state and world that favored individual property rights, the rule of law, and institutions of free markets and free trade were supplemented by many NGOs more subtle measures to shape individual characteristics that would flourish in such a world.57

In order for the world Reagan and his officials envisioned to survive, reformers needed to do more than simply forestall dependency. Famine victims had to learn new skills and attitudes, such as increasing productivity, shoring up self-reliance, and goal tending, to equip them for the coming liberal oriented world. Thus, the White House had a special interest in partnering with groups that encouraged and helped bring about these behaviors in famine victims. If aid workers on the ground improvised with the behavior transforming programs they implemented, like Salole’s volunteer contribution program, the White House agencies like the USAID directed a more methodical and sustainable campaign to achieve similar results. Three USAID funded projects in particular highlight White House interest in transformative aid: the CRS health-nutrition surveillance program, the tent cities of Nathan Abbie, and the well-drilling campaign of AfriCare.

Because of the vast amount of work that would need to go into the transformation of Ethiopia as a result of its underdevelopment, how recipients used the aid they received developed into a source of contention between donors and victims. In particular, the use and abuse of food-rations became an important site for transformation. Many donors and media viewers who contributed to the campaign understood the relief camps and feeding centers as a microcosm of the progress of the Western world.58 In detailing camp life, reporters focused on the victims’ desire to remain in the camps in order to take advantage of technology and progress. Some of these stories emphasized the lengths that aid recipients went to in order to remain in the camp and be spared the “trauma” of returning to


a life without Western amenities. In particular, reporters seized on Ethiopian mothers that “nutritionally sabotaged” their children – a condition in which reportedly mothers kept at least one of their children in a malnourished state so that her family would not be turned away from the camps. While Ethiopian mothers may have understood this particular use of food as a survival mechanism for her entire family, aid workers equated it to thievery and manipulation of the aid system. The message sent by news reporters and aid workers throughout the famine concluded that a future Ethiopia, which included technology and amenities, entailed cultivating behaviors of honesty, responsibility, and accountability in famine victims. Like aid disputes taking place in the United States, there was no room in Ethiopia’s future for mothers who used their children to take advantage of the system.

A USAID funded Catholic Relief Services project, the Nutritional Surveillance program, worked to transform behaviors deemed deceptive by closely managing and shaping individual norms. This program focused on mothers and children. As children and mothers received their food rations, program managers also gave them nutrition training. The program closely tracked and monitored participants through weigh-ins. It was expected that participants would apply their nutritional training towards the rations they received and thus experience a weight-gain in malnourished children. An important component of this program centered on the ideas of community sharing in Ethiopian culture. According to the grant authors, many of the destitute adults receiving food aid intended for children took the ration and shared it amongst other family and possibly community members. To ensure that the ration intended for the children went undivided, the program monitored the weight of each child enrolled in the program and provided extra rations to other adults.

Dividing the use of rations, thus preventing the sense of communal sharing, spoke to the differences in how aid providers and famine victims understood tragedy or celebration. Preventing sharing of rations emphasized the individual experience of suffering and foreclosed the communal experience of tragedy. Accordingly, as NGOs elevated the individual experience of suffering, they also foregrounded and privileged the individual basis for overcoming adversity and challenge. Seen in this light, the feeding program helped condition participants for the rigors of the modern, neoliberal world. Success in this new world required that individuals understand the importance of self-reliance and individualism. Participating in the nutrition program allowed Ethiopian mothers and children the means to gain this crucial experience.

60 Walter Johnson, Soul By Soul; Life Inside The Antebellum Slave Market, (Cambridge: Harvard University Press, 1999) is useful here with his ideas of survival and agency in the context of American slavery.
The second proposed project, the drilling of wells, managed to elevate efficiency and goal-orientation as the key aspect of survival in the post-famine Ethiopia. In December 1984 USAID’s Office of Foreign Disaster Assistance commissioned a report on the state of water accessibility and cleanliness near the displacement camps. As the numbers of displaced persons swelled the relief centers, camp resources failed to grow accordingly. Water access proved a growing concern as only a limited number of water wells throughout the camps had to sustain thousands of campers. In the Bhati Camp, because water access was insufficient people soon began using nearby river water even though it was contaminated. Camp authorities deployed fifty-three external “sanitation guards” to keep people away from the river bed.

Unable to utilize the river and only having access to a few water pumps meant that 300 to 400 people had to wait for water on a daily basis. In their investigation of the camps, the project managers noted the response of the camp doctor towards these conditions, “The doctor did not seem concerned about the 300 to 400 people waiting for water. He agreed that it would be better if they had more water but thought the waiting was beneficial to the people as it gave them a goal, something to do, in the very act of waiting they thought they were working for their water.”61 For the report preparers, the use of time played an important role in how they interpreted camp life. The doctor understood waiting as an action that gave hope, or a moment of meaning, in a life overshadowed by death. The report preparers on the other hand, understood waiting in a much different light.62 Waiting for water represented a passive use of time when the urgency of the situation required much more active measures. Time was a crucial ingredient in saving lives and the idea of hundreds of people using time to wait, rather than act, violated western norms of efficiency and goal orientation – if the goal of camp life was survival, then campers needed to be doing more than simply waiting passively to receive water. Building multiple and permanent well sites served as a way to save lives by providing access to clean water. But it also served as an important example of aid donors’ understanding of how to use time. Establishing multiple well sites subverted the camp doctor’s understanding of what marked a productive goal. Rather than simply waiting in line, displaced persons in the camp could actively shape their own destiny by more efficiently using time.63

In addition to developing specific liberal behaviors such as individual accountability (through the nutrition program) and teaching habits that were crucial to a liberal work-ethic like managing time more efficiently (through the

63 Ibid.
well-project), USAID funded projects also worked to foster the importance of choice-making in everyday life circumstances, a habit that many felt was missing under Marxist rule. Although many Western viewers internalized the victims as child-like in their lack of political acumen, an expectation arose that such an apolitical state was only temporary. With appropriate training and opportunities, victims could take control of their future through the kinds of choices that they made. In this way famine victims would grow into responsible beings and political adults. In ascribing choice-making, or a lack there-of, as an important feature of the crises, Western media and relief projects pointed to the role of Mengistu’s government in the creation and sustainment of the famine through the ways in which they stripped Ethiopians of their right to make choices about where and how they lived.

Doubts loomed over Mengistu’s intentions to end the famine. Reports suggested that his aid program and the use of the Ethiopian Relief and Rehabilitation Committee served as a rouse for squelching the rebels who lived primarily in famine-stricken areas. Megnistu’s resettlement program served as an important focal point for these doubts. Resettlement efforts began in earnest in October 1984 by Ethiopian officials as an attempt to stem the death toll by moving people from drought stricken Northern provinces in Tigrea and Eritrea to more fertile lands in the South near the Kishe province. Mengistu officials described the program as completely voluntary and one administrator stated that he was “surprised by the large outpouring of volunteers” and claiming that there was “no problem” getting people to relocate.” Mengistu initiated resettlement in order to actively solve the hunger problem. When describing the plan to Western donors, he insisted that those that resettled did so voluntarily. Many in the Reagan administration refused to believe the resettlement program was anything other than an attempt to institute forcible collectivization on the peasant population. Some international aid groups fed this suspicion when they questioned the tactics used to recruit volunteers to the resettlement areas in Southern Ethiopia. One Red Cross official stated that “we don’t know the degree to which they are being forced and we don’t know the risks to which they’ll be exposed.” Statements from those who had been resettled appeared to corroborate these doubts as one peasant “complained that they would need

68 Ibid.
bulldozers to clear rocks and trees and tractors to turn the hard virgin soil.” Such comments drew readers’ attention towards the possibility that not all of the resettlers moved of their own accord. Newspaper and television characterizations of the government painted a picture of Ethiopian officials working to strip individuals of essential liberties such as freedom of movement.

Public questions over Mengistu’s motivations came as a boon to U.S. officials who knew of the famine conditions in Ethiopia long before the breaking coverage of Buerke’s news documentary, but were reluctant to do anything to ameliorate the situation. At least two years prior to the sweeping news stories of famine in Africa, Reagan officials opted not to provide aid to a communist government. They reasoned that providing funds to Mengistu’s leadership would only help the burgeoning leftist country realize national socialistic goals. The increased numbers of letters sent into USAID reminding those officials that “something must be done, current efforts were to be commended, but they were not enough,” made it clear that a reckoning was about to take place. A press release from Senator Daniel Patrick Moynihan, co-sponsor of the African Famine, Relief, and Recovery Act of 1985, summed up this response when he wrote that, “The continuing drought that has afflicted eight African nations in the past decade has put at risk an estimated 10 million human beings. Since October 1, 1984 the United States has shipped an estimated 700,000 metric tons of emergency food to famine-stricken regions of Africa. This is a good start, but it is not enough.” Official U.S. policy could no longer ignore circumstances in Ethiopia hoping that widespread disease and death would topple Mengistu. Acting against the backdrop of the public’s outcry USAID reworked official policy to their benefit. If they were to help a communist nation, it would be on their ideological terms. Luckily for them, it appeared as though the public was on board, and even set the pace, for those terms. In this way, as the US became a leader in providing aid to Ethiopia, they were also able to fulfill policy goals through their collaboration with non-profit aid groups.

Reagan officials did this by placing non-negotiable conditions on

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71 Ibid., 405-407.
72 Ibid., 405-407.
73 Letter, NARA Record Group 286.
emergency aid delivered by the US. One of these non-negotiable conditions was the location and placement of aid. Throughout the famine, the White House insisted USAID only provide aid to non-resettlement areas. One important example of this policy manifested in the creation of tent-cities. Israeli activist-philanthropist Abie Nathan, working through the American Jewish Committee, submitted a grant to build an emergency tent city. His intended plan was to build a safe, sanitary city to act as a relief center for famine victims. Victims arriving in the cities would find tents to live in and relief to help end hunger. Wary at first, the US soon described the tent-city as an acceptable plan and if funded it would “be money well spent.” They supported the grant under condition of strict controls to where Abbie built the cities. Any site had to receive US approval before any construction could take place. Approved areas meant any land that was not part of Mengistu’s resettlement schemes that had caused such consternation in Western media reports. Many of these landed in famine stricken areas that also happened to be controlled by Ethiopian groups rebelling against Mengistu’s leadership.

Funding tent cities in rebel controlled areas helped politicize the emergency and reinforced questions about Mengistu’s resettlement scheme and the nature of a communist government in its relationship to citizens’ rights. Although the tent cities served as a means of relief, they also served as an important contrast to the assumed forced resettlement scheme of Mengistu and became emblematic of the importance of choice-making in individual life. In US funded tent-cities famine victims had the choice of where, when, and how to seek aid. They could go as far or as near their homes as they liked. This served as an important foil to reports about the lack of choice-making in resettled areas. Newspapers reported the resettled areas as places where victims were told when and where they had to report. In addition, journalists portrayed resettled areas as also affecting the daily lives of every other Ethiopian who did not face starvation; taking away choice from one group entailed denying choice for other groups. Journalist Clifford May reported on compulsory activity when he wrote of the “thousands of Ethiopian college students and teachers” who were “ordered to spend the summer working with famine victims” who had been resettled in the south and west of the country. One student stated of his assignment, “I don’t know anything about plowing or building tukuls (traditional thatched huts used by Ethiopian peasants.”

Also reported in the article were concerns about what resettlement meant for the future of Ethiopian famine victims. One aid official stated that the

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76 NARA Cables, NARA Record Group 286.
77 USAID Reports, NARA Record Group 286.
78 USAID Memorandum, NARA Group 286.
A resettlement scheme had been poorly designed and that “those being resettled have little chance to become self-sufficient soon.” The victims’ passage into adulthood and beyond the famine crisis depended, in part, on their ability to make decisions free from government interference, and the tent cities represented an oasis in a land dominated by government interference. In this way, tent cities allowed the US government to emphasize the importance of giving individuals the freedom to make choices that could and would lead to health and happiness in life. In keeping famine victims out of resettlement areas, the US worked to undermine Mengistu’s policies and served as a way to keep the act of choice-making a relevant point of concern in the eyes of American donors.

**Conclusion**

Ultimately, the undercurrent of doubt about the aid campaign and the ensuing work to save bodies firmly rested on understanding aid as a transaction. Media interpretations of the crisis opened space for Westerners to place claims on the victims by re-casting Ethiopians in pejorative, childlike caricatures reminiscent of early depictions of Africans and African-Americans. The larger Cold-War background further simplified the situation for many Americans. In stripping the famine of its political complexity and suggesting that Africa needed saving from the evils of communist leaders, donors imbued the famine with an ideological use; providing money to Ethiopian famine victims transformed them into tools to save the world from Communists and allowed donors to regenerate Ethiopian values and behaviors appropriate to a world free from socialism. As development and relief merged, the kinds of programs chosen as recipients of federal dollars reveal how the means to save bodies were also intended to transform those bodies into a new neoliberal citizen at the conclusion of the famine. The public played a key role in pushing the Reagan administration into creating preemptive relief and aid policies by relying heavily on non-profit groups which resulted in closer relationships between private non-profit groups and US aid agencies. This newly cemented relationship provided alternative means for the United States to pursue Cold War policies amidst the evolving relationship between the United States and the Soviet Union. This changed relationship allowed the US to cede much of its authority in managing many future human rights and humanitarian crises to private groups.

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80 Ibid.
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“Then, Not as We Were?”

Confronting a world where birds might no longer sing,
Where the wind is flagged, tired,
And the veil of darkness begins to weigh heavily upon us,
I give myself freely to slumber.

And as I do so

The harsh, the unjust, the discordant
Melt away the cacophony, leaving in its place
Residues, a single melody that all might enjoin.

As we comprehend our place in our world,
Accept,
Embrace lovingly our own responsibilities and actions
--spreading our wings for the very first time
so that we might escape the excuse of “then”

Only now are we able to cross the vast distances.

However long such a journey might take,
No matter the direction it might take us
Away from a world of inequity
--where the poorest
the loneliest and used up
all who find themselves lost or worse,
invisible to the unaffected eyes of other times, other places—
There remains an omnipresent music,

A song we learn as we bathe in the warmth of all we share,
Our humanity
Our breaking of stones and barriers alike
As we till the harden ground into a silken ash.

For if this song, once heard, goes without heed,
If we fail to raise our voices in unison
--doing as we have for centuries before, and
spending our every waking moment,
caught in the trap, a frivolous exercise of
stringing,
removing and
restringing again
our own instruments—
Then only silence and stagnation remain.

Better that our lyrics rise from the depths of shared truth
--that infinite healing lies in the repeated refrains of
the natural world--
As we grow together,
--in the awkward pauses initially or overflowing leisure that follows--
Sitting quietly, face to face,

As we begin to sway to a greater song called life.

Singing of life,
Simple and straight
--a reed flute, now filled with music—

One after another might leave the security of the darkest corners
Leave their doors ajar,
Their mouths agape and
Their eyes opened wide, ranging freely perhaps for the very first time

And we drink with a newfound joy
Forgetting our self, only to relocate,
Our reflections against the eyes of all others.

Knowing, striving, understanding
As we live, we can do so without fear,
Our heads held high in

A new world,
Global and all-encompassing

Its people no longer broken up, like shards of
A once-stain glass window,
Fragments of narrowly-conceived domestic walls.
Still, we must not forget
An earlier gloom, a foreboding, forbidden darkness
That permeated the very corners of our being and
Dared challenge the skies to hold dominion.

As my eyes survey all that was
All that could be, let our hearts recall the bitterness of old,
Wailing in unison with the force of the unsettling winds:

Do you not hear?
Not feel that electric thrill passing through the air
Alongside the notes of once-unspoken melodies,

Floating
Shore to shore
And beyond.

Or is it the “snap” we hear?
The voice of that trap
Its door shut, closed and tight. . .

Or worse, newer shrieks still heard among a few
Lamenting the discomfits of our world,
Recognizing, accepting

Our role
Our responsibility
Our ‘bility to initiate change

Even as we see the pinchers pan in,
Close-up,
And the doors begin to shut, fast and tight.
Exhibition at a New York Gallery

_Tu ne cede malis sed contra audentior ito_

**Raku Sculpture (ca. 11 September)**

Cranes circle overhead

Elemental glaze

Anguished faces of recent events

Exposing self-doubt

The ineffable pink

A single lotus blossom

Stripped bare

Another child cries, drown out

Rumors soaked in rain

Humanity kowtowing

Bamboo sprouts

Against the horizon

Slowly dredged from the sulphur

Pits of arms and hell
Douched in bilge water

The ancient art of raku masters

Resurrected, resilient

...among the ashes

Broken wishbones and charred carrion

Prey

**Seattle’s Red Square (an installation)**

A pristine fall gathering at first sight

No more than ten people

Swatches of red, edged white and black

Ribbons

Without words

Hands intertwined

Human circles

Formed by a

Few

The dozens, many
Friends among strangers, stragglng

Silence and crashing waves repeat

Cawing of sea gulls swooping in overhead

Wiping a

Way for the tears

Overwhelming roars

A commercial jetliner passes from sight

In aerie unison

Heads snap nervous

Beseeching

A sky in the wake of calm

No peace

No hints of healing

Not yet

Relief from a world and

Uncertain promises, the terror

Knowing

We saw
What remained

Awakened forever

**A Visitation (performance art)**

Voluble matrons

Apathetic daughters in tow

Over deeper waters

Seizing

Women anointing

Promises of an infinite birth

Jerked out from under

Death and birthing abdication

Shaking the stars

For none and

To no avail
Threnody, Too

(To Astraea and Taylor)

Drive-in gospel

Had me waiting

Several days I

Now feel so sad—

A bad cold, every

Thing went

Through, sudden-like

And a boy loved

Very much,

Carrying me

Across sky and

Hospital,

Totally in

His hug,

Warm holds

Tighten I fight

Strength in his

Arms, feeling me

Worthies him
Self my all life
Spilled, spending
His arms
Him, no, never
I worry
None and all,
Thinking I died,
Understanding every
Nothingness, cold
Feverish, sudden
Like clear
Feverish
Jakarta Daydreams

(To Tjan and Ibeng)

parking the car

in the basement boom-box

bombed echoes, he do not know what

is going on, a bit confuse when

we see us get round windows

finding out

happening all around

offices operate with castrated precision

as usual, the

traffic, open

at one side/

--long queue stick-people stuck in drive—

slowly passing

by your embassy

so, yesterday

in Jakarta, a bom explodes
our office
a few hundred feet, metered away

white
big
clouds-like
mushroomed with heads and ears
heated by sounds like
closed thunder, our building shaking like
having an earthquake seizure
horrible, how many people
dyed batik and some even injured
peace of humans
scattering around
these places, cars
motorcycles burn
fenced ruins
leaning on diplomatic shadows
windows, the glass surrounding
the buildings mostly destroy
one, friends

hurt, peace because he worked to close the windows

and our private TV stations used that

holes shot more cameras into/

confounded embassy

why people deal

kill in

words traded, centered

Bali-bailed J. W. Marriot

Australian-sheeped businesses

what next

looking I think

for windows and widows

and winded,

won in sluggish singsongs

now
Recognitions and Revitalizations

In a world returned,
Reinvigorated,
Where everyone is deemed vital, important

Old arguments cease to wield power,
For the very words themselves convey little meaning,
Having died out before springing from the tips of wagging tongues.

As one joins with the many,
New melodies break forth, and
Differences fade, eventual disappear
   --like stains bleached in sunlight.

As the oldest of tricks gives way and are lost forever,
A splendid synergy of voices prevail,
And a redoubtable new order is rendered in splendor.

Only then with a new morning come
Darkness will vanish
And music universal
   --like crystal-clear rains
   breaking through the cloud cover,
   pouring forth an endless stream of vitality—

And we shall not know what is upon us, or
What it is.
   --only that is not ours but remains an integral part of us,
   a perfect sweetness to off-set the bitter of earlier times.
A sense of charity in sharing reborn
Rises within the depths of our being,
And the world is created anew.

Pulled into an awesome whirlpool of
New beginnings and much-welcomed endings,
Might we revel in a newfound circularity of which we are,
One and all,
Vital.

In pleasure or in pain,
I can no longer stand to the side,
Hide in the shadows for fear of
Shrinking as I
Relinquish my old ways.

Bear witness now, as
I plunge, head-first, into far deeper waters than I have ever tread

--into a life, some may someday judge, well-lived.

And as I do so,
From the depths of evening silence,
Stars begin to smile, then laugh uproariously
As they whisper among themselves in unbroken perfection.

As our individual trysts promote a marvelously complex harmony,
Our songs swaddle the world as we might now conceive it
In blanketed sleep, restorative
   --a sleep that leads to further enlightenment
   Even as it gingerly nudges us deeper and deeper,
   And the ineffable pink of lotus petals begin to droop.

With sunlight, morning gives way to the ripple of birds in song
The lotus pushes through the murk and gloom
To rise again.

Even the butterflies stretch their diaphanous sails
Upon seas of light
As the perfumed jasmine and lilies, likewise, rise up on a crest of waves.

As the penetrating rays of light shatter golden with every cloud,
As rainbows scatter their treasure in profusion,

We find ourselves armored
   --secure with the strength never to disown or deny another
   nor bend in submission to the insolent might of injustice.

A tremendous joy possesses our hearts,
As seeds of hope become sprouts worthy of nourishing our soul,
As buds of potential blossom, giving way to individual gifts of beauty,
As the fragrance of ripening flowers spread far and wide,
Reminding all of a renewed fruitfulness and abundance
That make for the brilliant texture of the fabric of our being.

Lingering overhead,
The air grows heavy with such perfumes
   --and with the sweet presence of
       promises kept and renewed in union.

As old wounds heal,
We finally accept our rightful positions, together,
at once and
as one.

As we strive to make this, our world, a better place
I hear muttered from the shadows:

Is this a promise
fulfilled for one and all,
Now and forevermore.
**Uninsured**

Hysterical laughing, lunging up and down in bed, even the planks in the floor give way and my legs again squeeze closed, tight performing a dance meant to fool only old men to shriek not in ecstasy but lamentations echoed against four chilled childless walls with screams of blood--worse of murder--erect themselves, but ever so supple to the touch, only now supported by my two swollen hands limp and hiding the conveniences of unpeeled masks that whisper mockery, hold down my shame. No going back. Only retreats to the streets where pedicures and pedestrians tram no notice, seen drunk I despair down alleyways, stumbling into highways sideways meant for sleep and another day urged my head beneath a pillow of dizzying rings setting my ass afire sobbing before my eyes sunk deep into my head wide-opened newspapers transfixed crucifixions burnishing against storefront windows widow the hunting haunting portraits sprinkled of spectres injuring my insults, parsed without progression, direction overwhelming, viewing myself and vying for my attentions confused fashions and the lights survived chaotic intentions in hysterical laughing, lunging …
Introduction

On April 8, 1843, renowned American novelist Nathaniel Hawthorne sat before his private journal, penning his recollections of Brook Farm, the Massachusetts utopian community experiment in which he had participated for some months. The community, a bold experiment in communal living, was started just two years preceding Hawthorne’s journal writing by Unitarian minister George Ripley as part of the growing Transcendentalist movement. Intensely dissatisfied with an increasingly urban and, arguably, morally depraved lifestyle, Hawthorne had opted almost two years preceding the night he wrote in his journal to join Brook Farm, located in West Roxbury, Massachusetts. Hawthorne arrived at the community on April 12, 1841, choosing to depart about a year afterwards. The experiment, conceived out of a spirit of general disenchantment with the city, had ultimately proven to be an utter financial and social failure, and yet, Hawthorne felt that the experiment in which he had participated needed to be recorded, writing in his diary that night that, “We talked of Brook Farm, and the singular moral aspects which it presents, and the great desirability that its progress and developments be observed and its history written”.

This wish for a public narrative of Brook Farm came to fruition some nine years after Hawthorne recorded it in his journal, when his oftentimes overlooked novel, *The Blithedale Romance* was published in Great Britain and the United States. Recognized as being a loosely-fictionalized version of Brook Farm and the occurrences of its participants, it remains one of the most consequential pieces of literature in its attempts to understand and conceptualize the dramatic rise of the city in the nineteenth century United States. Hawthorne skillfully uses the text community to mirror his own experiences at Brook Farm, and in so doing, offers an unparalleled account of societal, reformative answers to the supposed moral transgressions of the city.

Essentially, as a result of the unprecedented rise in urbanism, the U.S. public was left struggling with vastly altered lifestyles and grappling with how the new, urbanized environment would come to redefine their perceptions of pure,
moral living. Many argued that the city was a place fundamentally void of the strong morals and ethics that defined rural life, a place where profit and commercialism reigned supreme over human decency, with the dollar superseding the fair, ethical treatment of other people. Others pointed to prostitution and the supposed sexual immorality of the urban environment in their indictments of the city.

This paper, then, seeks to explore the problem of popularly-circulated notions of immorality in the city, focusing specifically on prostitution and the ways in which capitalism often took precedence over the humane treatment of others. It will examine how these two ethical dilemmas plagued the American city and caused nineteenth century Americans to deem the city as a place generally fraught with immorality. Finally, it will explore Hawthorne’s particular navigation of these issues by critically examining their impact on the characters of his novel, paying particular attention to the ways in which urban immorality ultimately claimed the life of Zenobia.

The Price of Wealth: Capitalism versus Compassion

In 1984, Princeton University history professor Sean Wilentz published *Chants Democratic: New York City and the Rise of the American Working Class, 1788-1850*. The text, since heralded as a deeply significant analysis of the working poor in New York City, received rave reviews from historical organizations and societies for being, as the *New York Times* wrote, a “celebrated study of the rise of the working class in the early Republic”. Wilentz’s text is especially useful in expressing the ways in which the desire for monetary gain at the hands of the elect left the working poor of the city destitute. As the novel alludes to in Miles Coverdale’s fleeing of the city for a simpler life, the city was often regarded by nineteenth century contemporaries as a place of over-commercialization, where the quest for financial stability and gain often outweighed the fair and humane treatment of those less fortunate.

Through the publication of *Chants Democratic*, Wilentz joined a growing host of historians and other scholars concerned with the class struggles and inhumane treatment of the nineteenth century worker. His research alludes to the idea that one of the dominating frustrations with the growing U.S. city stemmed from the dehumanizing treatment enacted by the wealthy business owners and managers on the working classes. The city, in its unquenchable appetite for financial gain, was the birthplace of the cramped, stifling and unsafe manufacturing plants known contemporarily as sweat shops. These squalid

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workplaces would come to define nineteenth century cities, and the abhorrent working conditions remain today one of the most stirring images when picturing the flaws of the city. Wilentz writes that the emergence of these factories grew out of the desire on the part of business owners to maximize their profits without investing in such expenditures as ample space or proper ventilation for the comfort of their employees. They were, basically, a prime example of the "financial gain over all else" mentality that populated the cities and earned them the reputation as a place of vice and moral debauchery.

Indeed, Wilentz goes into great detail in his narratives on working conditions within the city, writing at one point of the much wealthier, male overseers of the nearly universally impoverished women workers. He writes, “the great villain of the system was the contractor himself, the ‘sweater’, the ‘remorseless sharper and shaver’, who in league with the cruel landlord fed greedily on the labor of poor women and degraded journeymen”. Conditions like these, as well as the explicit commercialism in the forms of constant, bombarding advertisements sparked the belief that the city was a place focused solely, or else predominantly, on wealth and financial prosperity, without regard to common humanity or the ethical treatment of others.

Further, these displays of immorality were eventually on full public display, free to influence Americans, especially those already in the city. Take, for instance, one account detailed by Wilentz. In an entire section of a chapter called “The Sweated Trades: Clothing, Shoes and Furniture,” he details efforts by investigative journalists to expose the abysmal sweat shop conditions. He writes, “In 1845, the New York Daily Tribune prepared a series of reports on the condition of labor in New York. What the Tribune reporters found shocked them, and they groped for explanations—especially to account for the outrageous under bidding and exploitation that riddled the city’s largest trades”.

An added component to the horrific stories of abuse and unethical treatment of workers resulted from the alleged sex abuse levelled at the women and young girls who staffed the sweat shops. As a result of these abuses of power, the female employees not only contended with the stifling heat, abysmal overcrowding, unsafe conditions and cruel treatment from superiors, but were also seen as sexual prey by many of their superiors. Wilentz writes, “The seamstresses and tailors’ wives—consigned the most wearisome work (shirt sewing worst of all) and subjected to the bullying and occasional sexual abuse of the contractors—bore the most blatant exploitation”. While Wilentz seems to allude that this form of abuse was the exception, not the rule, it was still widespread enough to merit

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4 Ibid. 119.
5 Ibid. 124.
mention, and the sexual abuse he details furthers the claim that the city’s industrial powerhouses contented themselves with maximizing profit, regardless of the human cost.

Stemming from this debate and the common conception that the city’s emphasis on greed and financial gain for the elite out powered any common sense of humanity or morality is the investigation of the tenement housing system. Extensive research and scholarship, both contemporarily and historically, has been devoted to the tenement houses of urban environments, especially that of New York City. The seminal piece of this tenement scholarship, journalist Jacob Riis’s *How the Other Half Lives*, outlines the various examples he encountered of tenement houses in New York in the late nineteenth century. He wrote of the squalor, cramped spaces (in one instance, Riis expressed the frustration of being in so small a tenement room that he could not fit his camera equipment in it), lack of access to light and ventilation or habitable conditions. Riis detailed his exploits both in text and images, describing the houses as places devoid of “neatness, order, cleanliness” and those of “reckless slovenliness, discontent, privation, and ignorance”.

As a result of these abject conditions, owners enjoyed profits nearly unprecedented in other common business ventures. For instance, Riis reported that, commonly, the rent for these deplorable conditions often amounted to “seven dollars and a half a month, more than a week’s wages”, although some families managed to rent for around five dollars a month, still an exorbitant amount of money for the city’s poor, especially when judged in comparison to the conditions those sums afforded families.

Throughout his collection, Riis argues that the willingness and complacency of the tenants of these houses de-incentivized the owners from taking action to improve conditions. His position is that the owners of the countless tenement houses generally refused to accommodate their tenants with decent living spaces because there was no financial incentive to do so. When, eventually, government officials forced tenement owners to reform their properties to benefit the welfare of the residents, tenement owners across New York City offered intense rebuttals and protestations, with Riis writing that legal reformations came “not without opposition; obstacles were thrown at the officials on one side by the owners of the tenements, who saw in every order to repair or clean up only an item of added expense”. The result of this focus on monetary gain had real consequences on the city’s impoverished people; the abhorrent living conditions, as Riis points out, resulted in so many deaths that the city’s

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7 Ibid. 91.
8 Ibid. 66.
9 Ibid. 69.
mortality rate significantly increased “from 1 in 41.83 in 1815, to 1 in 27.33 in 1855, a year of unusual freedom from epidemic disease”.\textsuperscript{10} Finally, Riis makes an intriguing connection between these tenement conditions and the other vices that characterized New York City. In his introduction to \textit{How the Other Half Lives}, Riis quotes an official of the Prison Association of New York who, in an 1863 testimony on efforts to determine the causes of the recent crime spikes, said, “By far the largest part—eighty percent at least—of crimes against property and against the person are perpetrated by individuals who have either lost connection with home life, or never had any, or whose homes had ceased to be sufficiently separate, decent and desirable”.\textsuperscript{11} It was the conviction of this official, which Riis would echo twenty-seven years later in \textit{How the Other Half Lives} that the tenements were not only vices in themselves, but they were also sources of additional vices, including, no doubt, prostitution. Riis felt that “New York made sure at that early stage of the inquiry: the boundary line of the Other Half lies through the tenements”.\textsuperscript{12} As such, he reasoned that, by the reformation of these centers of vice, the city could begin efforts to reform its immorality on a larger scale. However, these efforts were hampered by owners fearful of losing profit in the process of repairing the broken homes.

In short, Riis’s acclaimed text furthers the commonly-held belief by nineteenth century contemporaries that the city was a place that valued commercialism and monetary gain over common humanity, which certainly presents a moral impasse. From the tenement house owners to those of the sweat shops, each showed the poor rural migrant, fresh into the city, that their value as a human was second to the value of their dollar or work, their ability to further the owner’s agenda; he or she could be nothing more than mere hands in ensuring profit for their wealthy and powerful overseers. The squalid conditions of the tenements and sweatshops demonstrated, in no uncertain terms, that their principal worth was merely to further the financial aims of the already privileged. Further, situations like the tenements or sweatshops fundamentally stripped the urbanite of his or her identity; he or she became nothing more than members of the anonymous horde, relegated to having no real identity as he would in the country, which was a landscape that cherished the individual in a much more profound way than the masses of the city could have. Thus, it comes as no surprise that the rapidly growing and changing city was ingrained in the American conscience as a place where people were little valued aside from being mere ‘hands’ in the factory, as the city’s inhabitants were much more interested in pursuing their own financial greed.

\textsuperscript{10} Ibid. 65. 
\textsuperscript{11} Ibid. 5. 
\textsuperscript{12} Ibid. 5.
To be sure, however, the city would occasionally witness bouts where campaigns for more ethical and fair treatment of workers gained traction and prevalence. Wilentz, for instance, lists several societies that emerged in New York mid-century whose exclusive aim was to usher in legislation, policies and practices that would serve to create a more favorable atmosphere for the city’s laborers. The organizations, including the General Society and the American Institute of the City of New York,\textsuperscript{13} sought to end indiscriminate firings and the infringement on “equal rights”.\textsuperscript{14} Certainly, 19\textsuperscript{th} century New York City was an especially important undertaking, then, given the huge numbers of immigrants pouring into Ellis Island daily. In what has been since recognized as a hyper-classed society, immigrants were widely viewed with condescension and distrust, something the aforementioned societies initially sought to remedy by ensuring protection from the classist and culturally homogenous New York power structure that often attempted to indiscriminately fire or otherwise manipulate immigrant or lower class workers.

Despite the benevolence typically associated with these organizations, however, they were often nothing more than mere vehicles for further capitalist gain. Wilentz writes that “It was not that the Institute men—any more than the General Society, lien-law reformers, or the anti-auctioneers—felt any ambivalence about capitalist expansion: they welcomed it, provided the masters had their share of sound bank credit”.\textsuperscript{15} The true aim of these organizations, then, was not to protect the city’s working poor; rather it was to ensure that the financial aims and objectives of the elite, male working class were furthered. For example, Wilentz goes on to write that, “all these groups were interested in making America and the New World safe for craft capitalists” and that “the masters emphasized the need to advance their own interests for the good of the entire trade—not simply to hold on to their opportunities but to enlarge them”.\textsuperscript{16} This point is illustrated quite well in the history of The American Institute for the City of New York. The Institute, founded in 1838, was one whose vast majority of members were inventors. These men sought to develop new technologies to mechanize agriculture and production at the cost of the marginalized working class, who would almost certainly find themselves unemployed at every new mechanical development that could replace them. Despite this, the Institute vociferously advocated for the protection of domestic production, and, by effect, American jobs, thus appealing to many of the working-class New Yorkers who in reality were most harmed by the Institute’s other efforts. Thus, despite the argument that lobbying organizations such as these existed to protect the working

\textsuperscript{13} Ibid. 151.
\textsuperscript{14} Ibid. 150.
\textsuperscript{15} Ibid. 152.
\textsuperscript{16} Ibid. 152.
classes from the greediness of the city’s wealthy elite, in truth even these groups sought to further their own agenda and line their own pocketbooks, making the city’s struggle between capitalism and common humanity inescapable.

**Sexual Immorality in the City**

Another ethical problem presented itself as the American city continued to prosper: that of the sex trade and prostitution. Early in April 1836, a New York City prostitute named Helen Jewett was murdered in an upscale brothel on Thomas Street. The murder, and the gruesome fashion in which it was enacted, brought with it increased and widespread speculation and investigation into one of the city’s most seedy underbellies: the sex trade. Twenty two years later, in 1858, and likely as a result of the attention garnished by the Jewett murder, Dr. William Sanger’s piece, *The History of Prostitution, Its Extent, Causes and Effects Throughout the World* was published. Sanger embarked on this ambitious project, as contemporary scholar Rebecca Yamin writes, “with the ultimate purpose of curing a perceived societal evil”.\(^{17}\) In many ways, Sanger’s condemnation of the sex trade industry as a social pestilence reflects the pervading sense of rejection of society’s oldest profession, which had seen an overwhelming increase in numbers. Sanger’s rejection of prostitution and sex work was certainly not uncommon, born in part out of the rather prudish Victorian mindset. However, at a deeper level, society rejected this line of work because of the hazards associated with it. Just as women were frequent recipients of abuse, both physical and sexual in the industrial sectors of the city, so too were they abused and commoditized in prostitution. The profession required a certain degree of risk, as the Jewett murder so graphically detailed. Further, it entailed that the woman not be recognized as part of humanity; she was, quite simply, a commodity.

Sanger’s argument, then, hinged on the belief that prostitution was a “moral pestilence”, one that threatened “every man, woman and child in the community”.\(^ {18}\) Though intensive legal work was done in attempts to ward off the supposedly unethical profession, the profits associated with it in the city were, more often than not, too sweet to pass by. Yamin, for instance, details an indictment dating back to 1843 in which a New Yorker by the name of John Donohue was charged with operating a brothel in the city. The indictment, which charged that Donohue had operated a “disorderly house, viz.—a rest for prostitutes and others of ill name and fame” went to trial on October 30\(^{th}\). Donohue was found guilty and faced harsh punishment.\(^ {19}\)


\(^{19}\) Yamin, *Wealthy, Free and Female.* 7.
For scores of people across the city, men and women, the prospect of making a quick buck by engaging in prostitution or harboring prostitutes was worth the risk of prosecution, as well as the societal stigma and immorality that Sanger railed against. He hoped, through the statistical components of his work, to be “armed with data” so as to better legally “regulate the pestilence”, recognizing, much to his chagrin, that it would likely be impossible to eradicate it.\(^{20}\) As a result, “the preservation of female honor”, as well as the general morality of the city, were likely to be forever tainted by “those who frequent these haunts of vice”.\(^{21}\)

For decades, prostitution in the United States had been assessed through the prudish Victorian framework of morality, one that Sanger embodied, and consequently summarily rejected as an acceptable or even condonable trade or industry. Jacqueline Shelton observed in her *Evil Becomes Her* that there was a fundamental shift in the nineteenth century public’s perceptions of the sex trade, moving from the notion that prostitution, while not ideal, allowed men to rid themselves of their innate, savage instincts, to a much less forgiving ideology: one that rejected prostitutes and their trade as being fundamentally void of morality and worthy of deep and immediate reformation. Women, who comprised an overwhelming majority of urban prostitutes, were attributed as having little to no sexual desires, existing purely as vessels for male enjoyment. Thus, it can come as no surprise that prostitutes, visible symbols of female sexuality and failures of morality, were under special criticism in the city. Those opposed to the city and its moral transgressions specifically cited prostitution as one of the principal vices inhibiting good, moral, and all too often, Christian lifestyles.

Adding fuel to this hatred and vitriol of prostitution, and, by effect, the prostitutes themselves, American society, in both urban and rural settings, condemned the sex trade as a sort of catalyst of other forms of societal ills. The context of the mid-nineteenth century U.S. was one of insurmountable poverty, disease, unemployment and ethnic tensions, found a familiar scape-goat in prostitutes like Helen Jewett. It was, as Shelton commented, that “the very profession provided Americans with an explanation, disease, and unemployment among the poorest classes”, and that “Americans accepted prostitution as a ‘necessary evil’ discussed in terms of Victorian morality”.\(^{22}\) In essence, problems of the 19th century U.S., including rampant cholera, smallpox, typhus, and yellow fever epidemics, were pinned on prostitutes under the guise that their contact with others spread those diseases. In other absurd instances, prostitutes took the brunt

\(^{21}\) Ibid. 23
of the blame for corrupting the men with whom they did business or in other ways encouraged moral transgressions.

Still more justifications for condemning the prostitution industry, particularly in the cities, emerged from the ways in which the profession was perceived to challenge the rigid gender roles of the nineteenth century. Rather than view prostitutes as victims of a society bent on the oppression of women, nineteenth century Americans saw these fallen angels as challengers to the established, set and staunchly defended roles of men and women. Prostitution served as one of the few ways in which women in the city could amply provide for themselves and, if applicable, their children, independent of a man. The prostitute’s ability to leave the home and earn wages that were, in many cases, comparable to men of similar classes, served as a hugely damaging detriment to the pre-conceived gender roles. Take for instance, Mary Hall, whom Shelton describes as an entrepreneur of sorts. Hall established a brothel in Washington, D.C. in the late 1830s that soon became a profitable place of business for both the city’s elected elite and common man. While Shelton concedes that Hall and her business were well tolerated in the city because of the way in which Hall was able to profit, her marked departure from traditional gender roles irked many opponents of the city, who argued that the woman’s role was not on the streets, or, for that matter, in the sweat shops; rather, she was to remain at home. Undoubtedly, this concept was especially true for the upper-class women who, in the hyper-patriarchal society of 19th century America, would never have been permitted to work in a sweat shop or run a brothel, lest that employment harm her family’s social standing. In this sense, it seems that upper-class women were curiously inoculated against the immorality of the city, leaving other less fortunate women, often desperate to provide even the most basic and rudimentary needs for herself and her family, to bear the brunt of the social ire. Any departure from these roles was viewed with contempt, another example of the city’s polluting effect on established moral principles and societal expectations.

Hawthorne’s Solution: Examining Utopian Communities and The Blithedale Romance

It was the moral dilemmas like these that prompted Hawthorne and his peers to found Brook Farm. Seeking to escape the stifling sense of capitalism that dominated the American city, Hawthorne and his “knot of dreamers” as he would refer to their fictional counterparts, sought to escape the hectic, overly-commercialized for the more normative simplistic, agrarian lifestyle. They were, in many senses, united in their belief that, as Hawthorne wrote to his wife from Brook Farm in June 1841, “a man’s soul may be buried and perish under a dung-
heap or in a furrow of the field, just as well as under a pile of money”. Their experiences at Brook Farm would eventually evolve into the fictionalized account, *The Blithedale Romance*. Hawthorne, acknowledging the capitalist and sexual immoralities that manifested themselves in the city, sought to discuss their solution in the novel by establishing characters frustrated by the transgressions of the city in an idealized community: Blithedale. Ultimately, his texts asserts that these transgressions cannot be escaped because they are internalized by those who fled it. These failures to achieve Blithedale’s aims, paired with the dysfunction that wracked the relationships there ultimately led to the dissolution of the community and, most significantly, the death of Zenobia.

The ambitions of the Brook Farm community that would come to inspire *Blithedale* were, as scholar Maura D’Amore suggests in her *Suburban Plots: Men at Home in Nineteenth-Century American Print Culture*, an attempt toward the ideal communal lifestyle encouraged by the French philosopher Charles Fourier and his American counterparts, like Albert Brisbane. The intervention that this group sought to enact at Brook Farm, and the one eventually suggested in Hawthorne’s novel was to, “collectively purchase land outside but within reach of major cities in order to live according to a community system, sharing in the mental and physical labor required to reform the world and bring happiness to all classes and individuals”. D’Amore shows that Hawthorne intentionally set out to warn his readers that *Blithedale* was much more than a loosely-fictionalized account of Brook Farm however, quoting his desire that the community be as a “theatre, a little removed from the highway of ordinary travel, where the creature of his brain may play their phantasmagorical antics, without exposing them to too close a comparison with the actual events of real life”. Despite his attempts to divorce his own experiences at Brook Farm and those lived out in his text, the fact remains that both were types of reform-minded interventions. It was their hope, though problematic in practice because of the frustrations the stem from communal living, that a return to a more rural lifestyle, one dependent on community and based on equality and concern for others would purge the deeply-rooted immorality rampant in the city.

D’Amore focuses specifically on a new space emerging in the United States in response to the booming cities: the suburbs. It is her contention that Hawthorne manipulates the Blithedale community to be representative of this new space. The suburb—part large city, part small town—are, according to her, “a space that invites forgetfulness and invites arcadian idealism”. By her

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estimation, then, these peculiar spaces were seen as divorced enough from the corrupting forces of the city so as to hearken back to the more close-knit and rural communities that Americans had, for so long, resided in. She furthers this claim by writing that, the suburbs were “a requiem on the part of its planners and inhabitants for a way of living, interacting, and perceiving the world that they deem no longer a possibility”.27

Grown out of this spirit and quest for “forgetfulness and acradian idealism”, Blithedale hoped to present a counter to the capitalist and immoral city, but this experiment ultimately proved to be an utter failure. The sins of the city followed the Blithedale participants, creating the sort of discord and selfishness that they sought to avoid. Eventually, this would lead not only to the dissolution of the community, but to the death of Zenobia, who, upon realizing that the immoral spirit of the city was embodied in herself and others at Blithedale, saw no other recourse but to take her own life.

The novel begins with protagonist Miles Coverdale, an urbanite frustrated by the oppressive city, who flees in hopes of ushering in a more pure life at the communal Blithedale. In describing Coverdale’s retreat to Blithedale from the city, Hawthorne writes that the city, “on either side, seemed to press too closely upon us, insomuch that our hearts found barely room enough to throb between”.28 To repel and relieve him of this stifling effect of the city on his soul, Hawthorne states that “when we left the pavements, and our muffled hoof-tramps beat upon a desolate extent of country roads... then, there was better air to breathe”.29 The Blithedale community, then, was conceived in an effort to escape the confining, claustrophobic sense of oppression that the urban environment placed on the human soul and sense of morality. It was the hope of its founders that, by existing physically and spiritually apart from the city, a more idealistic, moral and pure lifestyle could ensue, one unlikely if not impossible to transpire in the urban environment.

Regardless of this attempt to create an ideal community, one free of the frustrations of the city, The Blithedale Romance is a novel fundamentally centered on the failures of humanity and failed human relationships. Despite Coverdale and his colleagues’ desire to set up what they refer to as a “paradise”, and escape the dingy, claustrophobic city, Blithedale’s short tenure was eventually wracked with betrayal, dysfunctional relationships, and sins, many of which could be traced back to the city.30

The most poignant image of these betrayals and dissolution of the community comes with the image and eventual fate of Zenobia. Zenobia is given,
undoubtedly, the most profound physical description of any of the characters in the novel. Upon their initial meeting, Coverdale describes her as “identical” with life, “dressed as simply as possible” with hair “dark, glossy, and of singular abundance” and without “ornament, except a single flower. It was an exotic, of rare beauty, and as fresh as if a hot-house gardener had just clipt it from the stem”. These graphic, descriptive details of both Zenobia’s person and her famous accessory, the flower, attempt to depict her, in many senses, as one of the most pure and vivacious characters inhabiting Blithedale. Zenobia, it appears, both through Coverdale’s descriptions and her actions, managed to more successfully achieve the pure lifestyle that all inhabitants of Blithedale sought. The flower, which makes a near constant appearance in Zenobia’s hair, attests to this love of life and the idealized, simplified living Blithedale sought to exemplify.

However, after the betrayal of some of the other inhabitants of Blithedale, principally Hollingsworth, and following her own betrayal of Priscilla, Zenobia lost not only those admirable facets of her life, but also the accessory which symbolized them. After Hollingsworth betrayed Zenobia by revealing that, despite their intimacy, his real love was Priscilla, Zenobia fell into a state of deep depression; by the night’s end, she had committed suicide by drowning herself in the river near Blithedale.

Hollingsworth was not the only one to infiltrate the idealized lifestyle of Blithedale. In another, more explicit representation of the city, Professor Westervelt’s visit with Zenobia at Blithedale likely served as another contributor to her downfall. Westervelt’s private discussion with Zenobia regarded Priscilla, who had served, unwillingly, as a sort of indentured servant to Westervelt. She was abused and manipulated by Westervelt into becoming the “Veiled Lady,” a spectacle that drew men in to pay to watch her. Westervelt, essentially, prostituted Priscilla out, who, in turn, sought refuge and redemption at Blithedale. Thus, when he attempted to convince Zenobia to sell Priscilla out, therefore returning her to service, Zenobia initially resisted, attempting to save Priscilla from the abuse and humiliation that would accompany her return to the life of the “Veiled Lady.” Westervelt, in their private, wooded area, with only Coverdale covertly listening, asked Zenobia, “Why not fling the girl off, and let her go?” Zenobia responded, maternally, that “She clung to me from the first. I neither know nor care what it is in me that so attaches her. But she loves me, and I will not fail her”.

Despite this initial defense of Priscilla and her adamancy that she will not betray her, Zenobia eventually relented, giving the girl over to her captor. In so doing, Zenobia fell victim to the predominate “sins” of the city aforementioned;

31 Ibid. 15.
32 Ibid. 104.
not only did she give Priscilla up for prostitution, but she also tacitly approved of Westervelt’s mission of financial gain above all else, including the care for his fellow humans. The result of her betrayal of Priscilla served as her own moral degradation; she had become, despite all of her efforts, the morally deficient person of the city she sought to escape at Blithedale. Indeed, several critics of the text, D’Amore included, have pointed to Hawthorne’s choice to depict Blithedale as a “Modern Arcadia” and its participants as “A Knot of Dreamers” as indicative of a criticism against the Blithedale inhabitants’ vision as one plagued by class tensions. It would appear, then, through this criticism, that Hawthorne implicitly informed the reader that the influences of the city that will eventually claim Zenobia as a victim would be present in the community despite the reform efforts.

Zenobia’s death, however, was not merely the result of Hollingsworth’s infidelity, Westervelt’s ownership or her own betrayal of Priscilla. Rather, it was the final acknowledgement that she could not escape the selfish, sinful and immoral lifestyle of the city; as a result, she eventually falls victim to the city itself, principally because she is fundamentally an urbanite. It seems that Zenobia, despite valiant efforts to escape the influences of the city, ultimately was futile in her attempts to escape her own urbanity and, thus, moral transgressions. She recognized that Hollingsworth’s deceit and betrayal, paired with Westervelt’s abuse of Priscilla and her own inability to protect her were similar to the sins enacted in the city; that, despite the efforts at Blithedale to live a pure, honest, simple life, Westervelt, Hollingsworth and herself had betrayed that, helping to usher in the moral decline of the community. Thus, Westervelt and Hollingsworth, as images and representatives of the vices of the city, led Zenobia to utter desolation. Convinced by their collective actions that there was no real escape from the selfish, capitalist nature and deceit of the city, she opted to drown herself in the river. She had fallen to the degradation of the city that she had, for so long, sought to avoid.

As a result of these recognitions, Hawthorne portrayed the city as a place whose very nature was to subvert morality and frustrate efforts to live a morally pure and just life. Zenobia’s downfall, traced back to these remnants of the city’s immmorality and influences at Blithedale, led her to the ultimate realization that its influences were not contained to the physical space it occupied. Rather, the selfishness and carnality that characterized the city was embodied in its inhabitants, even long after they had left. This resulted in the numerous betrayals that occurred at Blithedale, for Priscilla’s return to a form of prostitution to further the financial aims of Westervelt and the other circumstances that ushered in the decline of the Blithedale community. Zenobia’s eventual fall was not just the realization of her own decline into the city’s influences, but also the desperation

33 D’Amore. Suburban Plots. 99.
upon realizing that the nature of the city forced meaningful change to be nearly impossible to obtain.

In short, Westervelt and Hollingsworth, and, to an extent, Zenobia herself, all embodiments of the city, continuously reminded Zenobia of the deeply immoral aspects of the urban environment and their inability to escape them. Westervelt’s prostitution of Priscilla and Zenobia’s own guilt in selling her out, paired with the deception and infidelity of Hollingsworth, so pained and deflated Zenobia’s attempts at living a more ethical, pure lifestyle, that she saw no recourse other than taking her own life. In the hours preceding her death, Zenobia confides to Coverdale that “I have been on trial for my life”; Blithedale was effectively Zenobia’s last chance at the lifestyle she dreamed of, and when the vices she sought to escape follow her in the forms of Westervelt and Hollingsworth, she realized that the experiment had failed and resorted to taking her own life.34

It is, of course, also necessary to examine Zenobia’s own distinct urbanity. A product of the city, Zenobia was well-regarded throughout it as an exceptionally beautiful woman, one belonging to the higher social classes before her Blithedale sojourn. Her urban lifestyle is perhaps no better demonstrated than in the examination of her family dynamic. It is revealed late in the novel that Zenobia’s father is Moody, also known as Fauntleroy, and her sister is Priscilla. Zenobia remains ignorant of these relations in a type of anonymity that only the crowded nature of the city could afford. While it is true that the city ultimately ushered in Zenobia’s downfall and demise, it was also the facilitator for the relative wealth she experienced. Moody, described as once wealthy but now deeply impoverished, left his daughter Zenobia at a young age. Through the anonymity of the city, she was able to live her entire life rather sheltered from the man and his poverty and enjoy a life of relative financial ease. Thus, the city and its tendencies to strip individuals of their identities, not only served as Zenobia’s eventual killer, but also enables her fortune.

Final Reflections on the City and Blithedale

In closing, it is important to once again consider the motivations behind the aforementioned reform movements. The city, in all of its industrial and capitalist might, was seen by many, perhaps even a plurality of Americans, not just as a place of invention and progress, but also as a place fundamentally void of the strict moral principles that characterized rural living. Whether through prostitution and other manifestations of sexual immorality or through the urban area’s

34 Hawthorne. The Blithedale Romance. 214.
intensive focus on capitalism and furthering personal wealth, regardless of the human price involved, the city was unquestionably a place that vastly altered the Victorian sense of morality that had previously characterized the United States.

In response to these perceived moral crises, Hawthorne joined a growing crowd of Americans who sought reformation in efforts to purge society of its ills. As part of these efforts, *The Blithedale Romance* affirmed that the influences and moral transgressions of the city were ultimately inescapable and profound in their impact on its inhabitants. Through the death of Zenobia, Hawthorne posits that attempts to cultivate a more ethical, idealized lifestyle like the one embodied in the Blithedale community were not only futile, but destructive. Her death was the result of her final acknowledgement that any attempts to frustrate or disrupt the city’s sins were futile, that the moral vacuum of the city could not be defeated. Zenobia ultimately realized that this immorality was not merely confined to the physical space of the city; rather, it was embodied and internalized by urbanites, therefore making it impossible to escape even when divorced from the city and placed in a utopian community like Blithedale.
Bibliography


Financialization and Social Theory: An Interview with Dr. Greta Krippner

GRACE CALE & LYDIA SHANKLIN ROLL

University of Kentucky

Greta Krippner is Associate Professor of Sociology at the University of Michigan. Her research interests include economic sociology, political sociology, comparative and historical sociology, and social theory. She finds that state policies created the conditions conducive to financialization that solved some current policy dilemmas of the 1970s and 1980s, but created major weaknesses that would ultimately fail in the new millennium. Financialization of the economy was not a deliberate outcome sought by policymakers, but rather an inadvertent result of the state's attempts to solve other problems, especially the stagnation and deregulation in the 1970s and 1980s, the encouragement of foreign capital in the US economy, and large trade imbalances caused by direct foreign investment.

disClosure Interviewers: Grace Cale and Lydia Shanklin Roll

DC: Our first question is, would you actually consider yourself a social theorist, and why or why not?

GK: Yes, I strongly identify with social theory and think of myself as a theorist. My identification as a theorist reflects the fact that for the kind of work I do, a large part of the challenge is figuring out what the problem is that I’m interested in exploring. And that is something that requires a deep engagement with theory. As an example, starting this book project as a dissertation years ago, I was thinking about the transition in the structure of the economy that I came to refer to in the book as “financialization.” In setting out financialization as my problem, it wasn’t immediately obvious what I was after and what the parameters around the problem were. In historical research, problems tend to be open ended in this way, and in my mind, theory is necessary in order to see what the problems are and what is interesting about them. So, I can’t proceed with the kind of work I do empirically without having theoretical engagement be a salient component of the process.

DC: At what point do you make that realization, that social theory was going to have to be something that you really had to engage with in order to do this project well?

GK: Well, I would say, in terms of my own trajectory, it was relatively late in the game. I didn’t come into graduate school thinking that I was a theorist. I enjoyed the sociological theory courses I took. They were, just as for you, part of our
required curriculum, and I took them and enjoyed them. But I related to those courses like I did to my statistics coursework. They weren’t really key to my intellectual identity at the time. And then in the process of developing this project, for the reasons I’m describing, I found I was increasingly drawn towards thinking about theoretical questions and couldn’t in fact work through some of the issues I was interested in without that element.

DC: All right. So, how would you actually describe your work for non-sociologists?

GK: That’s a very hard question, actually. I would say that my orientation is historical. So, I’m a historical sociologist, probably first and foremost. Which is to say that whatever it is I’m interested in, the way for me to understand it and get access to it is to trace its emergence, transformation, and evolution over time. That’s how I get leverage on the questions that are of interest to me. And I’m broadly interested in, for lack of a better term, economic questions. I say for lack of a better term because what we think of as “economic” is too narrow, partly because of the way the discipline of economics has defined that set of topics. So, I am interested in economic questions and processes very broadly construed. I suppose my research has a critical edge as well. The motivation underlying my research is a desire, as with many scholars, to understand the choices made in the past that have brought us to where we are now, and to make clear what those junctures and decisions were, where there were turning points, where there were other possibilities, to always look for the ways in which social arrangements are more mutable than we can sometimes see when we’re focused in the present moment. I think that is the great strength of both historical work and also social theory, in that they enable one to be more aware where there are alternatives and what those alternatives might look like.

DC: How would you put your current, or most recent, projects in that context, of how social theory is brought into your work but more in a way understandable to a general audience?

GK: So, how would I think about current work I’m doing in terms of the way that I’ve just characterized my work generally? The current project that I’m researching explores the emergence and evolution of the notion that we should bear the cost of our own risk. This is a widely accepted normative principle in market societies governing how risk should be distributed and shared. So, how did this become an established way of thinking about how risks are distributed, when did this come to seem like a natural way of doing things, how has it been legitimated, and where was it contested? There are other ways of thinking about
how risk could be shared in our society that were historically available and were foreclosed.

DC: How would you feel that, this new work, or Capitalizing on Crisis, might fit into a broader social theory narrative?

GK: I think another underlying issue in my work is about expanding the boundary around the economy. One of the problems that we encounter as social scientists is we have these categories that we think with: state, market, community, and so on, and we tend to bound them off and treat them as pre-constructed realities. That’s a very prominent problem in economic sociology, which is another one of my primary intellectual identities. In economic sociology you see this kind of carving up of the space: here’s the market, here’s the state, and so on. I think one of the things that my work tries to do is to interrogate where the boundaries between those spheres of activity are drawn, and how when we relax that boundary we can see things that we don’t see as easily when we place ourselves within these categories and treat them as natural. So, if I were to say, here’s a way in which my work is pushing at social theory, it would be partly to think in a deep way about what we mean when we talk about the market, as opposed to the state, and what the relationship between those entities could be and how it has evolved, and not to start from a preconceived notion of what either one of those things is, and to let it emerge out of historical analysis.

DC: Might you be able to summarize some of the key findings, or some of the biggest “take-home” messages of Capitalizing on Crisis, for our listeners who haven’t had the privilege to discover it yet?

GK: Yes. So, the book is basically dealing with the financialization of the US economy over the period since the 1970s. By financialization, I’m referring to the growing importance of financial activities in the economy. The most dramatic way to see this is to look at where profits in the US economy are generated. So, if you are looking back at the 1950s and 1960s, financial profits as a share of total profits in the US economy are around 15 percent. The financial sector is significant, but does not represent an overwhelming share of profits in the total economy. By 2001, financial sector profits are over 40% of total profits generated in the US economy. That is a pretty dramatic change in the structure of the economy. And that is just the financial sector itself. The other piece you could look at, and I do look at in the book, is the financial income of non-financial corporations. What I do in the book, beyond empirically demonstrating this shift, is to provide an account of the state’s role in creating conditions that were conducive to financialization. Obviously there’s a lot more going on there than just state policy: there are changes in firm strategy, in market structure, and in
available technologies. But my interest in the book is in thinking about the policy environment that made the turn to finance possible. And, in a nutshell, the argument of the book is that there were a number of discrete policy decisions that were quite influential in shaping this outcome, but those policies decisions were not made with the goal or objective of creating a financialized economy. They were really ad hoc, inadvertent responses to unresolved distributional conflict in US society as growth rates in the economy slowed. And one of the interesting things to me about the financial crisis of 2008-2009 is that those distributional dilemmas came right back to the surface. Financialization was not a resolution of these problems, but a displacement of them into the future. It was a kind of deferral. So, without going into all the details, that is essentially the story of the book.

DC: I know that some have wondered, and this may perhaps be a little bit of a Domhoffian argument, that given the various political groups of varying power levels who really strongly advocated for policies that paralleled the effects of financialization or neoliberalism, do you think that nobody really anticipated or encouraged this result?

GK: Well, the interest group story is there. I guess the reason I chose to write the book as I did, which is not primarily an interest group story, was because I felt like that story has been overplayed a bit. The financial sector is obviously incredibly powerful and has been influential in enacting policies that have served its interests over many decades. That much is evident. But I think the way in which that analysis can go off track is that it exaggerates, to some degree, the coherence of the financial sector and therefore overstates its influence. So, with respect to the particular policy junctures that I determined were most significant for creating conditions conducive to financialization – the deregulation of the financial sector being key – the role of the financial industry is very interesting. First of all, the financial sector industry did not initially support financial deregulation. They were doing quite well in the existing regulatory environment and staunchly opposed any change. I’m talking here primarily about the removal of interest rate ceilings from consumer savings deposits. It turns out, for reasons I detail in the book, that this seemingly arcane change was very important in terms of moving to an economy in which credit flowed freely. And if there’s one thing that gets you to a financialized economy, it is having access to credit that isn’t subject to any controls or constraints. So, with respect to that particular deregulation, the impetus for this came not from financial sector actors but primarily from consumers who were disgruntled that they were not getting better rates of return on their savings. So, that’s one example. The other example that gets a lot of attention in the financial deregulation story is Glass-Steagall, the removal of the Depression era banking laws that required a separation between
investment banking institutions on the one hand and commercial banking institutions on the other. In that case, there was a long push to repeal Glass-Steagall over three decades. Part of the reason that it took so long to repeal the law was that financial sector regulations created a compartmentalized financial system, and industries that had different roles in the financial system also had different interests vis-à-vis legislation. And so, with efforts to repeal Glass-Steagall, one industry group might push for it, but another industry group would oppose it, and then the bill would get rewritten to accommodate the group that was opposing it and support for the bill would flip. And that is why it took three decades to repeal that legislation because there was no unified push behind it. To put the point more succinctly, the financial sector, while very powerful, is not a monolithic actor and has never been a monolithic actor. What people who are writing this kind of narrative tend to do is to look at the total political contributions that financial sector actors make, which are of course huge. But you can’t go from this fact to the conclusion that the financial sector, as some kind of cohesive whole, is exerting effective power because the financial sector itself wants different things and is internally divided. Once Glass-Steagall was repealed this changed somewhat, as the segmentation between different financial industries was removed. It is now up for grabs, and what that means is the possibility for deeper integration of financial sector actors and more cohesion. Arguably, the financial sector has become more cohesive and more influential and powerful as a result of this very deregulation, but that is something that occurs after the development that I’m describing.

DC: I like that you actually just mentioned that you’ve been focusing on these trends in particular as they started in the past. So, would you be interested in sharing with us what you think the long-term implications of this financialization process could be?

GK: This is where things get dark. One of the things I was thinking about as I was writing the book is that, as Monica Prasad argues in her new book, there is no natural constituency for financial regulation. In other words, once you move to a situation where you have untapped credit, and you’ve given everybody a piece of that action, then it is not just the financial sector intuitions that are benefitting from this, it is you and me when we can go get a mortgage with almost no down payment, and all of the ways that we subsidize our consumption. There is a very broad societal interest, if you want to put it that way, in having an economy in which credit is abundantly available. The downside is when you have an economy in which credit is abundantly available, you also have an economy that is very prone to asset price bubbles, as we’ve seen, first in the stock market and then in housing, and the problem is that this creates a lot of volatility. And, in the meantime, a lot of the social institutions that we’ve had in place to protect people
from volatility, the welfare state primarily, have eroded. So, this again goes back to the risk project we were talking about earlier: how our society handles these risks that are generated by the market, but in an environment where there is less regulation and more volatility. How do we cushion people from those risks? A result of financialization is a situation where there isn’t within the political system any constituency that is there to say, “No, we actually have to regulate these financial markets.” There are huge political costs to doing so and huge political benefits to being the political actor that continues to deliver credit. So, that is the difficulty. Essentially, we have created a situation where we all have an interest in having a lot of credit, and it is very hard to think about what the political mechanisms are for moving away from that system even when we recognize it is dangerous. So, the long-term implication is that we will live in an economy in which we see more volatility, people more exposed to risk, without having the proper mechanisms in place to protect people from those risks, other than, again, going back to the newer research I was describing, asking people to manage on their own, which is a departure from the way we’ve handled our affairs through most of the 20th century.

DC: It’s interesting that you mentioned this idea of market volatility because, throughout our discussions in the market failures seminar, we’ve discussed how the parallel process of neoliberalism seems to relate also to market instability. And so, because neoliberalism appears to share a lot of the same causal factors as financialization, how would you describe the relationship between these two concepts?

GK: Well, you warned me you were going to ask me this, and I haven’t made a lot of progress overnight in thinking about it. I think part of the difficulty is it depends what we mean by neoliberalism. There is the question of what we mean by financialization too, but at least in my own mind this is clearer, because I’ve worked in my own thinking to clarify the concept. As for neoliberalism the term is sometimes used to mean a set of discrete policies – some approach to monetary policy, a certain kind of tax policy, a certain approach to the welfare state – there’s a kind of laundry list of things that we think of when we say “neoliberal.” More broadly, the term is sometimes used to refer to what my colleague, Margaret Somers, calls “market fundamentalism.” So, the idea that we live in a society where there is a notion that the market is the preferred social institution by which we address various kinds of questions, and that we rely on markets to do X, Y, and Z. The market is privileged over the state, or community, or whatever the alternatives are thought to be. I think that’s probably the definition of neoliberalism with which I’m most comfortable. And if we think of it that way, then the relationship between that idea and financialization is so close that it is almost hard to separate them. Because the turn to finance is closely connected to
the deregulation of the market and the growing emphasis on the market in our society. You can see that in the chapter in the book that deals with the evolution of monetary policy. It’s a complicated story, but I think the boiled down version is that policymakers figured out ways of implementing monetary policy that effectively transferred political responsibility for decisions that would constrain the economy from the state to the market. The state was never really out of the picture, but there was a kind of displacement of political responsibility onto the market. And that, in essence, is a neoliberal governance strategy. So in a sense, the things that I’m exploring with financialization are so integrally connected to what usually gets talked about in discussions of neoliberalism that I don’t know that I can neatly pull them apart and say that one has a causal effect on the other, because I see them as really bound up together.

DC: So, as you know, returning a little bit to the idea of social theory, a lot of early graduate students often struggle to determine how to select research methods or to incorporate theory into their work. For example, you have often referenced Bell’s works. So, how did you select the theories and methods that were best for this project over the countless others you could have chosen?

GK: I wish I could say I was systematic, or that there is a method to my madness, but I’m afraid it is more madness than method. Let me take your question apart by addressing the method and the theory separately. As far as the method, to be honest, the only way I know to begin a project is to find some problem in the present that needs unpacking. In the case of this particular project, I began this research as a graduate student in the late 1990s. This was the height of the so-called dot-com bubble, when there was financial news on the front page of the newspaper nearly every day. You just couldn’t avoid it, every minute you were getting blitzed with finance, finance, finance, and I was really intrigued. Why is finance so salient in our culture at this particular moment? The way that most of the accounts that I was encountering talked about it was as a stock market bubble. And I thought the stock market was part of it, but I also believed the frothiness of the stock market fit into something much larger. So, I had a vague intuition that there was something there that was worth exploring, and it helped a great deal when I met Bob Pollin, who is a heterodox economist at UMass Amherst, and he started talking to me about “financialization.” I first learned that term from Pollin, and once I had the term I felt like I had something I could put my hands on and start to think about more systematically. So the first thing for me is, what is the problem in the present that I’m trying to understand? And once I’ve figured out what that problem in the present is, then my method is, again, always historical: I try to move back in time and to identify the key junctures and turning points. What was it that gave rise to this? How far am I going to trace this back? As far as researching my dissertation, I started by going to the business library. I began
pulling issues of *Business Week* off the library shelves – this was before everything was digitized! I actually went through *Business Week* and read every issue from the mid-1960s through the early 2000s. This gave me a way of immersing myself in the period. From my reading, over many months, I was able to identify what seemed to be the key junctures that later formed the empirical chapters of the book. And within each chapter, the sources differ, but the method is basically the same. So, for the monetary policy chapter, for example, I was aware that there were transcripts from the Federal Reserve meetings, I knew the changes in monetary policy were extremely important for financialization, and I knew that I would have to somehow get on top of those developments and learn about them. And so, I started reading thousands and thousands of pages of Federal Reserve meeting transcripts, basically from beginning to end. For me, there’s something about reading sources through – okay, here’s the January 1979 meeting, here’s the March 1979 meeting, here’s the June 1979 meeting – it gives you the chronology, and I think once you have the chronology you can create a narrative. Once you have a narrative, you have a theory, because you’ve implicitly theorized to write a narrative. I mean, when you write a narrative, you have made choices, and you may not recognize them as theoretical choices, but they are theoretical choices. So, it’s all about finding the narrative and then theorizing the narrative. That’s the method part of your question. The theory part is closely related, and maybe there’s not as much to say, other than to repeat what I just said: once you have a narrative, you have made theoretical choices. And then it’s a question of figuring out what those theoretical choices were, and being able to name them. And that requires reading as widely as you can. In this particular case, as you mentioned, Daniel Bell’s work turned out to be the key for the argument that the book makes. Actually I read Bell at the very end of the project when I was working on the final revision of the manuscript. I had read *The Coming of the Post-Industrial Society*, but I had never read *The Cultural Contradictions of Capitalism*, which is really the touchstone of the book. As I was working on the final revision, I thought I’ve got to go and read this Daniel Bell, and the narrative that I had written was the narrative that Bell allowed me to theorize. The questions that Bell was grappling with in the 1970s were questions that illuminated the process that I was describing in the book so well. So, there’s a bit of luck involved, but figuring out what the relevant pieces are and weaving it all together is for me the most satisfying part of research.

DC: You’ve mentioned several times that you really strongly identify as a historical sociologist. You also mentioned economic sociology, and political economy. So, how did you particularly select your research specializations? Were they kind of already a function of preexisting interests? Or, did you find that you just, kind of, stumbled across them as you worked on other research projects? Or,
might it have been something else that brought you to that realization that, you know, ‘I can place myself within these professional categories’?

GK: Political economy was the term that I had grabbed onto as an undergraduate to characterize my interests. Beyond that, economic sociology, historical sociology, social theory were all things that I discovered along the way and were not identities I had already developed when started graduate school. I didn’t even know what economic sociology was, actually, and the same is also true of historical sociology. I was more familiar with social theory, but as I said earlier, this wasn’t something I identified with at the beginning in defining my interests. So, I was a young graduate student when I started, and an unformed one, for better or worse. Now we see students coming in with very specific ideas about their future dissertation work, and they are much more professionalized and have a much clearer sense of what the discipline is than was the case for me. I just had no idea. The only thing that was constant was an orientation to political economy questions. Everything else fell into place as I took classes, sifted through what was interesting to me and what wasn’t, and especially, as I started to work on research. And it was a continual process of searching, and one that was a little bit angst ridden for me, because I never felt like I really fit anywhere. I never quite felt like I was a card-carrying anything. I felt a little bit at the margin of all of these areas, but over time I’ve come to feel quite the contrary, that I inhabit all of them quite comfortably. So, that is just a process that takes time, or took time in my case, and I think it is good to be open to the journey. It seems to me that we’ve gotten overly anxious about getting people stamped as soon as they walk in the door. I don’t think that’s necessarily conducive to having the best intellectual experience.

DC: That is all we have for you. Thank you for coming to speak with us.
Lessons of the Great Depression: An Interview with Dr. Peter Temin

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Peter Temin is Elisha Gray II Professor Emeritus of Economics at the Massachusetts Institute of Technology. He is an economic historian who provides an integrated view of the Great Depression, covering experiences in Britain, France, Germany, and the US. In doing so, he discusses the causes, why it was so widespread and prolonged, and what brought about the world's eventual recovery. He also finds parallels between the Great Depression and current policies that are recommended and sometimes followed by governments.

disclosure Interviewers: Karla Encalada-Falconi and Lilian Milanés

DC: We were interested in knowing why you decided to study economics. What inspired you to study economics?

PT: I was an undergraduate at Swarthmore College, outside of Philadelphia, and it ran something called the honors program where you only took two seminars a semester there. With it being a small college, there were student-faculty teas, and I was persuaded by a friend of mine to go to one of them. By the time of this student-faculty tea, I had had some economics, and at this event I met an economics teacher that I thought was totally fascinating. I wanted to take one of his seminars. But because there were so few seminars, in order to get a seminar from him I had to become an economics major. So I became an economics major.

DC: Wow, just to take a class with him. What was the name of the professor?

PT: His name was William Brown. He died prematurely. I had always been a math major with an economics and a history minor, but then I became an economics major with a math and a history minor. I studied economics to take his seminar—which was wonderful; it was well worth it. And when I decided what I wanted to do later, economics had really attracted me and I decided to go further into economics. Good teachers are the key to everything.

DC: To go along with the social theory theme, how do you see your work as part of social theory?

PT: Well I am an economist, but I am also a historian. Thus, I look at both economy and history, but I am not totally sure what social theory is. I am aware that the models of economists capture only part of the experience of people and therefore one needs to bring in other factors for further explanations of things. For
example, my presidential address to the Economics History Association was entitled, ‘Is it Kosher to Talk About Culture?’ Thus I try to broaden out a bit.

DC: So, which is your theoretical approach, or how do you place yourself within economics and history, if it is possible?

PT: As an economist, I tend to approach things from the point of view of economists, looking at data, prices, and evidence about how people are acting. But I am also aware of the political and cultural context in which people are operating. I try to consider that economics is embedded (what may be considered a loaded or dangerous term to use) in society.

DC: Well, the themes of this year’s class is ‘Market Failures, Famines and Recessions’ And we were interested on hearing your perspective on, in theory, what is a market failure?

PT: A market failure is where people are not able to do what they want at the existing prices. The purpose of a market is to bring people who want to supply goods and services, together with people who want those goods and services. When the market works you get an equilibrium, where supply equals demand, and a price in one form or another. A market failure is when the suppliers and demanders cannot get together to make that agreement. What I am going to talk about this afternoon is unemployment, people who want to work at the existing wage but cannot find jobs.

DC: Can the market self-regulate? Or is this an assumption of liberal economics? How does this idea affect our understanding of what a market failure means?

PT: The market is a very abstract concept. I will make a bold statement but there will be exceptions to this. When I say markets, I do not mean all markets, I mean generally markets. Markets are not self-regulating; markets need some kind of control because in our society, most people are socialized to follow the rules in markets. But there are also other people, we call them criminals, crooks, who do not want to follow the rules. So, think about Target and the credit cards being stolen. Those are people who are not following the general rules. They are trying to get money without selling the goods, which is what Target does. The question is how do you control the people and the market that Target is trying to have? You look for goods, find what you want, find the price you want, and you buy them, while co-existing with these other people (rule breakers). I use the word criminals because we have a legal system which says that what Target does is legal, and what these other people are doing is illegal. And if we catch them we put them in jail. This is a form of market regulation. My argument is that most markets need some kind of regulation. Legal regulation is what you do in a big
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case, in much smaller cases there may be social recognition, or political decisions that affect how much markets can work, etc. I think the better way to phrase the question is not whether markets need regulation, but what kind of regulation is appropriate for any given market.

DC: In your article ‘The Gold Standard and the Great Depression,’ you argue, in collaboration with Barry Eichengreen, that the Great Depression was the result of a cultural condition, which you refer to as the ‘gold standard mentality’. So, using a parallelism, which would be the cultural condition, or mentality, that produced the financial crisis of 2007, or 2008?

PT: Yes, in 2008, the crisis started in 2007 and continued until everything fell apart in 2008. Yes, there is quite a bit of parallelism. The gold standard of course was very explicit. In this article, Eichengreen and I describe how the gold standard caused the Great Depression. The ideology back then was that the gold standard would be the way to prosperity. Similarly in 2008, the view that financial markets by themselves would increase efficiency (which I think they can) and would make everybody better off, but the markets in this particular case did not do this. Eichengreen and I did go into this, but sometimes, in teaching this, I talk about how the gold standard worked rather well before the First World War, but not so well after the First World War. Why it worked well one time and not the other, I tend to think of it mathematically. If you have an interior solution, if everybody is following the rules and is able to follow the rules, then the system works. But when you get into a situation, after the war, in which some countries could not pay their bills. Like the crooks in Target, they did not have the money, they could not follow the rules because they could not afford it, and thus the system broke down. In 2008 some of these firms were running the financial system with very little regulation, when it was supposed to be self-regulating, the way the gold standard was. These firms could not pay their bills, they had gotten themselves over extended, the way countries had gotten themselves over extended in the 1930s, thus the system crashed. It was basically an old-fashioned banking panic or currency crisis. But it did not come out looking like that, it came out as bankruptcy and government taking over, and all sorts of things.

DC: But, there was like a mentality?

PT: Exactly like the gold standard mentality.

DC: How would you call that mentality if you could put a name to it?

PT: Well, I suppose it is what now would be called a libertarian philosophy.

DC: Libertarian? What is that philosophy about?
PT: The philosophy is that people *left* to their own devices would operate well without having these regulations that we were talking about. The belief that regulations hold people back instead of being the *grease* in the wheels that allow them to work more efficiently. They are like *sand* in the wheels that they clog up the wheels. In wheels and gears, we say that oil and grease in gears will make it work better; sand in gears will slow it down. There is a kind of soft libertarianism and a hard libertarianism. Soft libertarian says that you just want to have *less* regulation, so you want to let the financial markets go, but you still want to have controls about what people can do and laws about what they do. Whereas hard libertarians say *no* rules, they’re really anarchists. For example in Lexington there is a rule that you drive on the right side of the road. If you drive on the wrong side of the road you can be put in jail for endangering the peace, etc. A strong or hard libertarian would say “No people would understand that you have to stay to the right, you don’t need to punish those people, etc.” I don’t think there are a lot of hard libertarians around, but there are a lot of soft libertarians around.

DC: You just discussed the idea of ideology of the Great Depression, which you also mention in your book *Lessons from the Great Depression*. Particularly you note: “the gold standard ideology shaped policy makers’ interpretation of the Depression.” I am curious about the definition of this concept. I am thinking of Marxism as one of the principle approaches that discussed the concept of ideology. I am curious, how do you understand and conceptualize ideology? Does your concept of ideology come from this tradition? What is the role of ideology in a market failure?

PT: Good question, but economists do not like the word ideology. That must have been something that survived, that some editor did not take it out. Barry Eichengreen and I mostly use mentality, which is a euphemism, but does not have the word ideology in it. We are in concepts that are not well defined. Let us go back to the Great Depression, we can do that simply and then we can go back to today. In the ideology, or the mentality of the Great Depression people, who believed (libertarians in this case) in this mentality, thought that the reason we had the Depression was not because the gold standard caused it, but because people had not followed the *rules* of the gold standard. What do we mean by the rules of the gold standard? Well, for the United States in the 1920s people were sending gold, which was the basis of the money supply to America, because it was safer—since Europe was having a lot of problems. The United States with more gold should have had more money, and should have had higher prices. However, the Fed and the Treasury decided to sterilize the gold inflow, put it down in Fort Knox and did not increase the money supply. This was *against* the rules of the gold standard. The argument is, if everyone had followed the rules of the gold standard then the gold standard would have worked and we would not have had
the Great Depression. It was not the gold standard that caused the Great Depression, it was the unwillingness of people to follow the rules of the gold standard. Following the rules of the gold standard are very much part of the gold standard. People followed some rules and not other rules; that is just the way people are. You need to take the package, and get rid of the package in order to solve the problem of the Great Depression.

Come back to today, people have this ideology of the market, the libertarian notion. One argument (people who favor the libertarian notion) is that there were some people who just did wrong, they made too many loans, got bad mortgages. They were doing things that the United States was doing it in the 1920s, they were not following the rules. Therefore, the financial panic was the problem of the individuals not following the rules. It was not the rules themselves. My argument about ideology is that rules and the people who follow them or do not follow them, they are all a package. You cannot say, it is not the rules, if people do not obey the rules. It is that rules are only rules when they are followed. Even with respect to the rules that you drive on the right side of the road, most people obey the rules most of the time, but some people do not. They get drunk, they are in a hurry. One of you is pregnant and somebody is trying to get you to the hospital. In fact, we have special vehicles with have bright lights on them, we call them ambulances, who can break the rules to do these things. We have tried to minimize the incentive for people to drive on the left side, on the wrong side of the road. My argument is that part of the financial system has to have regulations that do the same thing for financial activities, as we do for driving on the right side of the road.

Can I ask you a question? You see, when you are coming home late from a party and there are no people around and you come to a red light. There are no cars any place. Do you stop for the red light?

DC: Sometimes we do not. No I do not.

PT: Well, you see that is a test of whether people have internalized the rules or not. And then there’s the question of should there have been a police waiting so when you go around ‘where!’

DC: So do you?

PT: Do I? I tend to stop.

DC: You mentioned that ideology is related to specific rules. But the gold standard had specific rules that you had to follow; however, the rules that were going on at that time did not work. So, my question is, when do rules become ideologies and when are they just rules?
PT: This is why the gold standard is a very clear case. Because the gold standard is very simple. A country goes on gold by being willing to buy or sell its currency for a fixed amount of gold. There is no inflation/deflation, or anything like that in it. The rules were very simple. This notion that a country should inflate when it gets gold or deflate when it does not have gold is a very old view. It was articulated very well by David Hume in the 18th century, a very long time ago. This is not just something that comes about. Recently people have talked about the rules of the game. The rules of the game were rules that were not written down. They were not anything the governments agreed to, but people in their culture knew about these rules. That is why we called it mentality or ideology. It was a kind of view that they were supposed to have. The gold standard would work well when people had these views. Now how did it work in the earlier period?

Before the First World War, people who did not follow the rules of the game went off the gold standard. Spain never got on the gold standard because it was too rigid, Latin American countries used to go on and off gold when they had to do it, etc. But as it turned out, it was only developing countries rather than the main industrial countries which had problems. Due to the cost, the capital movements, and the complexity of the First World War, it was not just Argentina, but it was also Germany that had problems in this area after the war. That’s why the gold standard failed.

There were always people who did not follow the rules, but those would be considered isolated cases and the basic system could go. But as a result of the disturbance in the First World War, what was thought of as the center of the world economy even had problems following the rules. That is when it became destructive.

DC: One of the assumptions of policy makers during the period of the Great Depression was that the stability that the gold standard had in the past (such as before World War I) would be reproduced after the war to stabilize the future. In this sense, how does the past affect our visions of the future? And, since you are a historian, how can we conceive the past as a lesson instead of a repetition; in particular, when there is a period of economic crisis?

PT: Yes, that is very difficult. I am a historian not a prophet, I do not know what is going to happen. But let me give you a historical example from the Great Depression and then we will come back to the current example. When Franklin Delano Roosevelt ran for the presidency in 1932, the Depression was terrible. He ran on a promise to balance the budget, part of this ‘rules of the game’ of the gold standard. FDR was very conventional when he was elected. He got elected and then he abandoned this rule once he got into power. He took the oath of office in March of that time (not January but March), and in April he took the United
States off of gold completely. By no longer having the constraint of the gold standard, he abandoned this ideology. If you think about Roosevelt, he was running on the mentality of the gold standard, however we do not know whether he believed it or not, because he is dead. We cannot ask him, even if we asked him he might not know or be able to tell us. But FDR used it as his slogan because he thought a lot of people who were going to vote thought that way, and he had to appeal to them. Once he got into office, in order to deal with all the unemployed, he decided that the Gold Standard ideology was not useful to him and he changed it. Went off gold, single most important thing he did in April of 1933, went off gold.

Today, people are running for office on this ideology of libertarianism (the analogue of the gold standard), saying that markets will be self-regulating and that we should leave things alone. We do not know whether they will win the election. The more interesting question is, let’s say that in 2016, instead of a democrat following President Obama, it’s a tea-party guy, Ted Cruz, Marco Rubio, whoever it turns out to be, then these people, like Roosevelt, will have run on a particular ideology. Now Roosevelt took office in March, by April (about six weeks after) he had already figured out this was no way to go, and he reversed course. Well, if these guys get elected, will they turn around and say “Oh being in the opposition we can say anything we want, but when we get into power we have got to actually do something.” We do not know the answer to that question. Some of us do not want to do the experiment to find out. But it is an open question.

DC: I was thinking about the role of history and how you have studied different disciplines, like economics, history, and math. And in the same article, ‘The Gold Standard and the Great Depression’, you discuss the history of economics in relation to this period. You argue that it does not take into account the gold standard and some of the historical explanations as a possible cause for the depression. I was thinking about the importance of interdisciplinary approaches, specifically when analyzing market failures or crises. What is the importance of studying economics not only from an economical perspective, but also a mixture of both?

PT: As an economic historian, I am interdisciplinary. I believe that it is important to have disciplines. But I also believe that it is very important to have a primary discipline. It is very important for anyone going into these kinds of interfaces or boundaries between the fields to have one field that the person really understands is important. If you think about what are the differences between economics and history, one thing that economists like are models and math. You have to know about models and math if you are an economics person. On the other hand, what do historians know? They know about sources, about using things that other
people can see so that they can go back over your work, being faithful to sources and finding out the sources. Historians believe in fitting the sources together into a pattern to describe people. Thus these are different kinds of things. It is fine to know both of them, and I think it is good. We should know these things and we can study other fields too, I just happen to know those two particular fields. It is important for your education to have at least one field, maybe you are bright enough and you can do two fields, but at least one field that you really know very well.

DC: How does interdisciplinarity help us in understanding crisis?

PT: If you have a crisis, a big crisis, like the Great Depression, or the current situation, it is pretty easy to agree that something is wrong. People who come from different views, different ideologies, disagree about what is wrong. It helps to have an interdisciplinary approach because if you want to have a new approach, you also want to have an approach that you can convince other people of. I have my own views, but that does not affect policy. Just as Roosevelt had to get himself elected; you need to have something that you can debate with people and for that you need to be able to debate with people who come at it from different points of view. The question is how do you convince people? I will be talking about that this afternoon

DC: In your essay about the gold standard, you note that the First World War had weakened the position of European producers’ in international markets and strengthened that of other regions such as in Latin America and India. This particularly made me think of the connections between the North and South parts of America. During 2007, and even after, countries in Latin America (like Venezuela or Ecuador) were not necessarily facing a crisis but their economies were in fact growing. At the same time, these countries stopped using IMF recipes or they also rejected free trade agreements with the U.S. I am wondering do these political and economic changes in the relations between U.S. and Latin America actually produce, or were factors that influenced the crisis of 2008 in the U.S.? Is it possible to even create that connection or not?

PT: That is a really complicated question. I do not know how much time we have. That is going take us a couple hours.

I am reading a book at the moment, it goes back to Aristotle—that is how far back it goes and how interdisciplinary, it says that there’s something called the proximate cause, the cause that actually sets things off, and that is finance. Then there is also something called the ultimate cause, which Aristotle distinguished a very long time ago. In this book the author is arguing that the proximate cause, which everybody talks about in today’s politics, is not so important. What is
really important is the ultimate cause. His view of the ultimate cause is that it affects things like the ideology that Eichengreen and I talked about. This also goes into the changing structure of the world, as it is now. From North America we talk more about China than we do about Latin America, because we have got these trade issues with China. But there is an argument that the United States has not dealt well with its international economic relations. This argument states that it is the imbalances with these other economies that has unbalanced the American economy. I wrote a book about this, called the ‘Leaderless Economy’ and there is a book by Jeff Frieden and others called ‘Lost Decades’, there are a whole bunch of people who have written about this. Not in the terms that you ask it, but it is the same view. I like this book that I was just reading on the airplane, and how it broke it down in this Aristotelian way, that was a good way to think about it.

DC: How does this imbalance produce a crisis? Do you have some hypotheses?

PT: I have a lot of ideas about it, and I can tell you about it. I use something called the swan diagram, which is a tool of economic analysis. The swan diagram is a simplification (that is what economists’ do), a little model of internal balance and external balance. We talk about big countries; the United States is a big country so we just talk about the internal balance. But the argument of the swan diagram is that you not only need to have internal values, you also need to have external balance to get to a reasonable equilibrium. The swan diagram is a way to put those things together. The United States is out of internal balance at the moment, but it is also out of external balance. The argument of the swan diagram leads you to the conclusion that you cannot fix the internal balance reliably in a lasting way until you also solve the external balance. I believe that. 

DC: In your book that is being used for our course, you talk about unemployment and the Great Depression, and we were interested in what were the roles of workers in the creation of economic stability? And what are the consequences of diminishing the living standards of workers in a crisis?

PT: That is another complicated question that we could spend all day talking about. These are very tough questions. The costs of unemployment has not been recognized very much. There are two basic kinds of costs that have not been recognized. One is the cost to workers themselves. Extensive unemployment is really very harmful to the people being unemployed. It is terrible to lose the income, it has effects on children, etc. A lot of literature has been written on this, Mark Usen and others have written about the costs to the unemployed, and this is one kind of cost. The other kind of cost, is the cost to the stability of the political and the social system. Unemployed people, as they get more unemployed, may
threaten the stability of a political system. Where can we see this? You do not see this in the United States very much, for complicated reasons; but we do see it in the Middle East. There are a lot of young people who cannot find work, so they are unemployed. As a result, they go and say “the political system, etc. is terrible” and they revolt. It has become very hard to make the government operate when you have all these people floating around who are very unhappy with the situation that they are in. The Middle East is really very far from the United States, thus here we emphasize the cost to the individual. But we know that it is costing the individual to get large amounts of costs. Can we see signs of our approaching these Middle Eastern kinds of situations? Let us go back to the case of Target, the people who are doing this, we do not know who they are, but they are likely people who cannot find work, cannot find activities that pay them what they want to earn. Thus they turn to doing destructive things like stealing, etc. If the Target case turns out to be an isolated case, we will say “oh well that is just their problem,” but if it becomes a common problem, then the society has to change. Yesterday, there was a column in the Boston Globe saying that Target should do a smarter credit card, and so we need to fix the credit care problem to do this. But fixing the problem, then that is at society’s cost, we must go to a new technology to fix this problem. If there are more and more of these attacks, then you have to do more and more things, and as a result the society changes. Eventually (we are not close to this), you end up like the Middle East where there are so many things that needed to be changed that the whole thing collapsed. Unemployment is potentially really dangerous.

DC: What is the role of unemployment in the crisis of 2008?

PT: Unemployment is the result of the crisis of 2008. And the policies that have been followed since then. It did not cause the crisis. It may have caused another crisis in the way I just described, but unemployment is an effect of the crisis rather than a cause of the crisis.

DC: Thank you, and thank you for your time and this opportunity to meet with you.
Margaret Archer is Professor of Sociology at l’Ecole Polytechnique Fédérale de Lausanne. Her research interests include structure and agency, objectivity and subjectivity, reflexivity, the structuring of national education systems, and culture and the structuring of social institutions. Margaret Archer was Professor of Sociology for thirty years at the University of Warwick where she developed her ‘Morphogenetic Approach’ to social theory and wrote her trilogy of books on Reflexivity. She was elected as the first woman president of the International Sociological Association at the 12th World Congress of Sociology. She is a founding member of both the Pontifical Academy of Social Sciences and the Academy of Learned Societies in the Social Sciences and is a trustee of the Centre for Critical Realism.

disClosure Interviewers: Grace Cale and Lydia Shanklin Roll

DC: Thank you for coming. We thought it would be good to begin by asking you a very simple question. How would you define social theory?

MA: Well, social theory is something you can’t get away from. It’s indispensible. People in the street are social theorists. They don’t know it, they wouldn’t appropriate the label, but what they’re doing is social theorizing. They do that every time they say things like, “Well, there wouldn’t be any benefits from doing that, would there?” Or, “That’s just how you would expect the bankers to behave, isn’t it?” It’s social theorizing. It may be crude. Quite often you can find that sociologists, really well established names, are saying very much the same thing. It’s just that their language is more technical or sometimes it’s just more pretentious than lay or folk social theorizing. We should respect lay social theory, not just because we are respecting the people who voice it, which we should do, but because this is what prompts their action. So, whether they’re right or wrong in what they say, that’s why, that’s their motive for acting. It’s usually a lot more interesting than the alternative. Namely, because we can’t get away from talking about human motives, we, the investigators, impose our own interpretations on them; our beliefs about why they’re doing what they’re doing, and these can be wildly wrong. May I give you an illustration?

DC: Absolutely.
MA: This is one I use with first years, because for 15 years I used to teach the foundation course in social theory. The most important thing in the first year was to try and convey to them that theorizing is not an option. It’s indispensable and unavoidable. Whether you call it theorizing or not, you are theorizing. So, we’ve got to know what theory is doing and how it’s related to action, and then we can get into discussing the founding fathers. Not because they have the best answers. They didn’t, but they certainly had some of the best questions. So, you’ve got to come to grips with theory because you may think you’re just writing something entirely descriptive and objective. This is something that first year students often think about ethnography, for example. That you can just give a neutral ‘view from nowhere’, as Thomas Nagel put it; be it a descriptive account of a farmer in Wyoming or wherever, a horse breeder in Kentucky, how to raise the next winner for the Kentucky Derby. There are theories galore about that out there in the Kentucky countryside. We want to understand what they’re doing when they’re taking their own theories on board.

So, one example I give them is a PowerPoint. It’s just meant to be an absolutely average, quite elderly couple. Maybe in their early 80s, or maybe they’ve had a hard life and are in their mid-70s. They’re talking to one another, perhaps making plans and you need to know about their context to understand what they are saying and going to do. Well, there are some objective things. They’ve got x dollars in the bank, and they’ve got y dollars coming in each week, each month, from a variety of possible sources: the state, their occupational pension, if they have one, or sometimes their family makes regular payments to see that they’re okay. So, that’s their objective base, if you want to know things about how they are living.

Now, for example, when the 2008 economic crisis came, the response was largely, in every country in the world, austerity measures of one kind or another. They varied, but they all meant people were worse off, apart from the 1%, than they were before. Now, what I just gave is an objective statement, and it’s a perfectly correct one. On the money they’ve got they can buy less than they bought previously. That’s the ultimate truth of this. But, what do they buy less of? There’s been a tendency in social theorizing for the investigator, then, to become all knowing, the fount of wisdom. This old couple has to be doing things like trading heating off against eating. Well, you can see the logic to that. If you’re eating gourmet meals, you’ll have difficulty paying the public utility bills. But, the underlying assumption made by most economists, for example, would be that the things they cut are luxuries. Okay, perfectly logical on the surface of it. Until you ask, what is a luxury?

There’s a British survey, for example, in which a luxury was defined, in Britain by these particular researchers, as “We’ll get rid of the land line phone because it’s expensive” (and they’re not the generation that needs it for internet
access). These are not the big Internet users, though we’re breaking the silver barrier, or the blue rinse barrier, or whatever you want to call it. So, the landline will go because it’s a luxury. I just want to take a closer look at imputing this to our anonymous old couple because I think it’s a really good illustration. My book, *Being Human* argues that who we are, what our identities are, is a matter of what we care about. I call them our ‘concerns’. It’s just meant to be a neutral word for the things that matter to us.

Well, back to this old couple. They have kids. Those kids, for reasons that could be psychological, wanted to get away from where they were brought up for whatever reason. The reason could quite simply be that they met a partner who came from somewhere else and the partner was more determined to stay close to where they were raised than they were. Or, with great reluctance, the kids could have left because far away was the only place they could get the kind of job that they were after. We’re all getting more and more mobile, within the country and internationally. May not be for life, but changes of address are much more common for your generation than they were for my generation, and certainly for my grandparents’ generation, who I don’t think changed address. Certainly didn’t change the village they lived in. Now, if that’s the case, and if this couple is very fond and attached to their kids and want to know about their grandkids, if there are any, that phone would be a lifeline for their concerns. It’s not a luxury in their book. They might trade, if we want to be an economist about it, they might trade both the heating and the eating in order to stay in touch with their children, grandchildren, and so on. So, that’s where their personal subjectivity comes in, but it’s not free and unconstrained. It’s very constrained, because they have to live within their means, which are less than they were. But, within those constraints they do have degrees of agential freedom, and it’s what they care about most which will be their top priority and the thing they let go of last. Does that begin to answer “why theory”? And then we might be prompted, through our findings, to go on and theorize some more, linking up with other theories that people have put forward.

We might want to ask a very simple additional theoretical question: simple to ask, but not to answer. Well, is this practice engendered? Do women want to keep in touch with their kids and grandkids more than men do? Now, it’s not as simple as it sounds because it may be that this has just become a convention. It’s the female that talks to the kids and it’s the male who makes other sorts of decisions. Then, you might want to go down that trail. Where did that come from? Why did that become the established practice, if it’s the case that it is? It might be the case in Britain, but it might not be the case here? Here, it might be the case in some groups of one ethnic origin and not in groups of a different one. There might be geographical variations for all sorts of reasons. One of them could be, for example—it’s just a hypothesis; once you start theorizing you can go on forever
because one question and the answer to it leads on to the next one—it might be that if one of this now elderly couple had worked much further away from the family home, and it will probably have been the male, given traditions in the past about child rearing and gender roles, that he was just not there to place these phone calls or receive them. Maybe it was something as simple as that, but ultimately nothing is simple. Why was it the male who was doing the work that was a long way from home, rather than the female?

So, we just can’t stop being theorists. It’s not an option in life. All that’s optional is which kind of theory you advance and on what grounds are you selecting one kind of theoretical position over another.

DC: That’s fantastic. I feel like I may have to share that with 101 students.

MA: Well, it came out of 101. Some of them found that incredibly difficult because they thought, well you know, it all is objective and the investigator is going to be much less biased and subjective about it than the subjects are themselves. But, actually it’s the subject, it’s his or her subjectivity, that makes them act. It’s not my theory about what is making them act that has any effect upon them whatsoever. I could have a crazy theory about sun spots and occult influences. That’s not going to change their behavior at all, but their own ideas are.

DC: So, that kind of makes an interesting segue then, because from there we would ask, what brought you personally into social theory? What brought you to this place and this kind of work?

MA: I was not intended to by my very selective single sex, school. There was no preparation in my day, we’re talking early-60s, for people to go and do degrees like sociology or anthropology, which has a much longer history in Britain than sociology does. So, I was being prepared to be what they call a “Girton girl,” Girton College, Cambridge, or a “bluestocking,” and go and do English Literature. I love English Literature, I’m a voracious novel reader to this day and have always got one that I’m reading. But, the idea that a fulfilled life, a morally justifiable life, consisted in deconstructing Beowulf or Chanson de Roland, as we put it, “until the cows come home,” didn’t seem to me like a well-spent life. So, much to my school’s annoyance I applied to London School of Economics to read sociology and got in there. I had one hell of a dressing down from the headmistress, “Girls from this private school don’t go near places like LSE, let alone subjects such as sociology.”

Well, the second thing that brought me into it was, whilst at school, age 15, I got involved in the peace movement, CND (Campaign for Nuclear
Disarmament), and that was also allied to the anti-apartheid movement in South Africa. The wonderful unintended consequence of that, because you really do go in for these things hoping to make some change and do some good, not to get something out of it personally, but I really did because there were full-time assistant, associate, full professors marching along beside us. We did a thing in England called the Coast to Coast March, which isn’t as terrifying as if you tried to do it here. It’s not a big walk there, the only trouble is you actually meet more sheep than you do people. So, we had long conversations with these academics and that’s where I first heard the words Max Weber (who at that age I thought was spelled with a V) and that fuelled the interest a lot more. Many of these Profs were Marxists of one kind or another, so they were theorizing, not just in an abstract way, but theorizing, as they saw it, for a better society. I don’t think that theme has ever gone away from my work, but it’s never been distinctively Marxist. I thought that far too formulaic and times had changed. Some of the concepts needed changing. We have no proletariat now, the poor are a heterogeneous category, the main thing they have in common is their poverty, not being members of the proletariat, and so on. No, I would never describe myself as a Marxist, but never deny that it was a powerful formative influence. So, that was really part one of your question.

Why social theory? Well, before these terrible days, and I don’t really know the States well enough to say whether it’s as bad here as it is in Europe (the curriculum is restricted, each module is evaluated, there are league tables, research is evaluated etcetera). They’re just trembling in fear in England at the moment because in three days’ time the Research Evaluation Exercise results will be published for each university and each department within each university, and it’s cash-driven. So, it’s not just about repute, it’s about your budget. Those are constraining factors in all sorts of ways. Very, very destructive, in my book. You’ll find a little paragraph at the end of that first article we were discussing this afternoon that just sums it up; about how collegiality turns into competition, student care turns into keeping your office hours, and publications become a constrained matter of only publishing in particular quality journals. The rest doesn’t count.

During my first degree time, we had a loose curriculum and syllabus, with many choices in every year and at different points. I was just incredibly lucky, because it was the time at LSE where some of the all-time greats were giving their last courses. Oh, you weren’t confined to your department, so, in my second year, I did nothing but philosophy of science with Karl Popper and his colleagues. It was, literally, the last undergraduate series of lectures he was going to give, although he lived many years after that, but he taught graduates and gave public lectures and that sort of thing. A very obese lady with a huge cassette recorder came up onto the stage of the main lecture theatre, and he said, “No, no, go
“But, it’s your last lectures, Sir Karl,” she said and he replied “Oh, no it’s not.” So, there was Popper, there was Imre Lakatos, there was John Watkins, who was perhaps the doyen of methodological individualism. It was a really rich year, and a very formative one. It was a great experience, a real privilege. In many ways we really did have it, not just easier, but it was richer, more sparkling than it is now. We’ve all been dumbed down into bureaucratic academics.

DC: How would you feel that your theoretical work fits into the broader social theory narrative?

MA: Okay, point one: I think in both of our countries there’s been a huge domination by empiricism. There’s absolutely nothing wrong, but everything right about doing empirical work, but not empiricism where the data supposedly speaks for itself. Theorizing to an empiricist is just like a kid taking a bucket along the seashore, filling the bucket up with pebbles, bringing it back home, and tipping it up. The data will speak for itself, the pebbles will form a pattern. There’s really not much to this theorizing job. Patterns can be complicated, that’s as tough as it gets.

I’ve told you the really good side of my undergraduate career, which was the second year and its freedom. The really bad side was when I came to do my Ph.D., and I’d rather not say under whom, because he was a nice guy but he was one of Britain’s leading empiricists and he wanted me to be the same. I expressed a kind of interest in sociology of education. What really intrigued me was what did account for those inequality facts in outcome, in opportunity, which became much more interesting to me than outcome because I thought that depended on opportunity. He didn’t want me to talk about education as a social institution. I could talk about schools, I could talk about exams, I could talk about teacher assessments, but I couldn’t talk about the structure of the educational system as centralized, decentralized, which determined the national curriculum, or allowed/forbad local variations, all of which I thought were hugely important. But, no. Out, out, out. So, the whole thing ended up as the only piece of work, quite honestly, I have ever done that a) I never published, and b) I’m pretty ashamed of. So ashamed that it got me out of England and into France, to try and get away from empiricism by working with Pierre Bourdieu.

I think, for an awful lot of theorists, we are as much shaped by those theories that we’re trying to get away from as we are by those that we are attracted to. So, my very close friend and co-author, Pierpaolo Donati, has had to fight all his life with the ghost of Talcott Parsons and the additional ghost of Luhmann. For me, it was not functionalism. That never even featured very heavily in anything that we were taught or made to read. It was empiricism. For me, theory was to stop being empiricist, stop working all on one level, stop
dealing in terms of observables, stop thinking that the answer to theoretical
questions was to run a regression or perform correlations or do multivariate
analysis. In fact, these are what set the theorists problems; they’re not the answers
to problems.

So, if you find there’s a high correlation between a family’s income and
any measure of school success of the child or children, well that’s a problem for
you to explain because you can’t account for the outcome just in terms of parents’
spending money, either on a private school or a load of books or a lot of
educational experiences, trips to museums, or private tutors, and so on. You very
rapidly run out of the families that spend a lot of money on their kids’ early
education. In fact, what they’re doing is something that that’s income related and
income dependent, but it’s not income explained. It’s still a conversation we have
with American colleagues with young children about to start school. They would
put a lot of effort into sussing out which are the best zones, catchment areas, for
them to live in in order for their young kids to get the best education available in
that area surrounding the university in which they work. Well, that’s one way of
playing the game, and that’s the way people know to play the game. That makes
you think about multiple strategies and whether other factors play a role for
people with occupations that pay less well and, in those days, had less access to
support services. So, did people who were dependent upon their proximate family
network stay in an area, an educational catchment area, close to where they could
get childcare for their other kids from a grandmother, an aunt, whatever? Has this
now gone? Was this what happened in the 60s but no longer happens 50 years,
half a century, later?

DC: Could you give us a brief description of what you feel the main thrust of your
work has been, possibly for a non-sociological or a non-philosophical audience?

MA: The elevator version, which is absolutely true, is that one book led directly
to the next always, and still does. When you finish a book, as far as I’m
concerned, I hope I’ve answered some questions, but I have probably posed more
than I answered, hence the next book. Okay, the next postcard version is, what’s it
all about? It started with this experience of going to France and living there for
the first time, and appreciating how totally different French education and its
structure were from the British. In this connection you could say British and
American. I mean, certainly you’re federal and Britain isn’t, but we both have
decentralized educational systems. I’ve never written about American education
because you’d have to write a separate history for every state. You’d need a
research team to do that. But, what came to the surface was that centralization was
crucial in accounting for what had happened in French education.
Decentralization was vital for what happened in British. And so, my first book,
Social Origins of Educational Systems, was about how did one get to be centralized, the other to be decentralized? And then, what were the consequences of this difference in structure? Now, in theoretical terms, centralization and decentralization are emergent properties. The ways the different parts of the system are, literally, linked together. The top-down, rather streamlined centralized system, versus the messy decentralized situation that we live with on both sides of the Atlantic, but which is actually creative, whereas the centralized system is very constraining because of national curriculums, set textbooks and so forth. A Minister of Education who is probably apocryphal, is supposed to have gone into a classroom and said, “Ah! 3:15. every pupil in France in lycée grade (whatever) will be construing page 94 of Virgil.” He could never make that statement in the U.S. of A. or in G.B.

DC: How might you characterize the connection, if any, between your theoretical work and that of Pierre Bourdieu?

MA: Sadly, because he was a good friend. He was very good to me, indeed. This was not a common experience, for important French professors to be kind to little foreign visiting post-docs. It really wasn’t. So, he was an exception in that sense, and I kind of like put it on record. Therefore, it hurt me, as it hurt many of his research team - people like Luc Boltanski and later Laurent Thévenot, when we came to the parting of the ways. You see, Bourdieu thought, he maintained until he died—and we were good friends, he used to come and stay at my place in London in the 70s and early 80s—he thought that he was putting forward a general theory; general in the sense that it worked everywhere. I wrote an article, which you can check out if you like, in the European Journal of Sociology in 1982, called “Process without System.” Fundamentally, he was very acute in analyzing the processes of French education, but then he wrongly universalized this by saying that that process was the same anywhere, regardless of the structure of that system. I said, no, I can’t agree. I think the kind of standardization he was talking about was something that a centralized structure monumentally reinforced, whereas in a decentralized structure you could have all sorts of people who didn’t like it, for one reason or another but they could do something about it. Plenty didn’t like it in France either, but could do nothing. Particularly the French industrialists who were coming on the educational scene in the latter part of the 19th century and were finding a very intellectualized syllabus that didn’t help them produce engineers. Conversely, in England, if you wanted to found what was the beginning of our polytechnics and if you had the money, you just founded one. It could be a school for auto manufacturing or refrigeration. The area where I was brought up, it was manufacturing cement. Well, let’s have a part of the curriculum that is about the chemistry of cement making, then how to make
reinforced concrete, so on and so forth. That was why the parting of the ways came. It came over the sociology of education, but more generally it was over the effect of structure on agency. That’s what led on to the next work, which is usually associated with Anthony Giddens.

DC: We know graduate students often wrestle with working with theory, including this interplay between structure and agency. What might you say to help those who are struggling to find a way to really use theory in their research?

MA: I’ve said it many times, but I found a way of saying it a couple of years ago, in print, in a little acronym, SAC. All sociological explanation comes in a SAC. Meaning, there is no good sociological explanation that doesn’t make reference to structure, agency, and culture. Now, they don’t all need be of equivalent importance in every piece of work that you do, but unless you have structure there, you can’t describe the context of what it is that you’re studying. It doesn’t matter what it is. Everything has a context and that context was developed before whatever problem the researcher is looking at developed. There is no such thing as decontextualized action or situation-less action. So, we’ve got to theorize somewhat about the structural context in which things happen and how it came to be.

Equally, Agents are not just billiard balls that are pushed around by social forces. There are things that go on in here (in the head) that are just as important as some of the things that go on out there (in the outside world). That’s a gross generalization; they’re not always as important, sometimes they’re more important. Depends what we’re looking at and when we’re looking at it. So, that’s the second one: Activity dependence. Nothing happens by itself; elections aren’t won, fortunes aren’t lost, firms don’t go bust unless people do something. So, we’ve always got to have activity dependence.

Then, we have concept dependence, which is where the culture comes in. We had a good example in our discussion earlier, with people, quite rightly, really deeply regretting that the Occupy movements had not been richer in putting forward alternative ways for society to develop and people to flourish in it. It’s interesting that so many books on it have titles like, “Sources or Resources of Opposition,” because we do draw on theories articulated in the past, lodged in the archive, and to some extent we all climb on the shoulders of giants, in this case giant ideas, to try and bring forth something new by adapting them to the circumstances of our times. Unless we know what we’re doing, have some idea of what we’re doing, then again we can’t explain because we won’t account for the concept dependence that the agents involved are actually using.
DC: What would you say to those graduate students who shudder at the thought of theory?

MA: The same I’d say to those students who shudder at the sight of a table, a diagram, a calculation, when they turn the page. Doing stats is not doing maths. Doing stats is just understanding logical relationships. You can give a course teaching first years how to do a correlation coefficient without introducing any maths at all. Why bother, they all have computers? Understand the logic. But, they mustn’t shudder about theory because they really have to take on board. If you’re not putting in a theory that you think is useful, then you’re putting in some rubbish that is still theory. You may think you’ve dodged the issue, but you haven’t. I mean, I do think this flight into ethnography, and there’s nothing wrong with ethnography at all, unless you’re doing it because you’re running scared. But, if you think you can hide behind that Nebraskan farmer, or wherever we put him, and get away from theorizing, you can’t. You’ll be picking out some features of his context, some features about him, some features about his culture, and you’ll be giving them importance that you, the grad student, haven’t theoretically justified. So, you use your own SAC if you don’t construct a SAC out of what’s on offer in the university shop.

DC: Now we would like to turn to the topic of the talk you will give tomorrow night, “‘We Believe’—but Who Are ‘We’?: The Relational Subject Versus the Plural Subject.” We found this to be a fascinating topic. For someone who has never really gotten into it before, but hopefully will feel compelled to explore, is there anything that you might be able to say to ease a person into this topic?

MA: Let’s put it this way. There’s a decision that’s reached, and let’s say it’s a decision that’s reached in the House of Representatives or Parliament. When we’re talking about decisions of that kind we really do mean aggregate decisions, because specific individual people have voted for or against. So, whether a bill passes and a decision gets made—I’m taking this down to bare bones—is really simply a matter of how many yeses you’ve got against how many noes you’ve got. Those people who say yes may have very little in common besides the fact that they say yes, and the same for the noes. So, it’s just a matter of aggregate individualism, and it’s absolutely no different from doing a market survey on how many people prefer white bread versus brown bread. That’s just aggregate individualism, and you can do a whole marketing campaign on the basis of aggregate individualism.

Now, I would hope that the kinds of ways we make decisions in the family, in the university department, in whatever voluntary associations we work for, and ultimately in politics and economics themselves, mean that we’re not just
adding up what individuals feel, because that aggregative individualism is part of individualistic philosophy. It’s just me and my preference schedule, and how many other folks living in the same department, family, town, whatever it is, think the same way that I do and have the same preference schedule. It’s what mainstream economics is based on. That’s one of the main reasons why we’re in the mess that we are in. So, can we have a genuine collective decision making, feeling that we have solidarity as people, whether it’s academic solidarity, familial solidarity etcetera? There can be all sorts of different bases for “we-ness,” and some of them can be solidarity for and solidarity against. Sometimes with church membership, there can be very strong solidarity within a church and quite hostile feelings to the next-door church members.

So, the real question is: Can we have solidarity? This is the question that bothered Émile Durkheim, bothered Karl Marx, and bothered Max Weber. This is why I said they all asked the best questions, even if their answers were quite different. To me, one of the worst things of our time is the decline in social solidarity. There are so many signs of it. In Britain, 50% of people have kids, or have a kid, without being married. Marriage is a great thing, but wanting to marry is one sign of solidarity, felt solidarity at that moment. There’s that. There’s the fact that on the last British census, the most common form of household was people living alone. Again, over half. Well, there’s also the intergenerational loss of solidarity, people don’t look after their own old folks the way they used to, often for good reasons. So, can we find an authentic way in which we can talk about the “we” and the “ours,” and ultimately the common good? That’s the supreme relational good, the common good. It’s quite different from the general good or the greatest good of the greatest number, the utilitarian definition of it.

You can put it this way: Those are just addition sums, the greatest good of the greatest number. Of course, the good becomes higher if you exclude some people, if you say, “Let’s not count the people who can’t work because, obviously, they can’t earn.” Or, “Those who have mental problems or conditions that mean they probably can’t live alone or do an ordinary day’s work for an ordinary day’s pay? Let’s leave them out because they’re just dragging down the greatest number.” Well, the more you do that, “Why don’t we leave the illiterates out? Why don’t we leave people with diabetes out?” You know, you can end up excluding more of the population than you included! Of course, your measure, in dollar terms of the greatest good, gets higher and higher and higher the more you leave out. So, that’s your addition sum. Now, imagine multiplication sums, the simplest. Suppose we’re multiplying three terms, and one of those three terms is a naught. What’s your multiplication sum? There’s a naught in it. If you do times zero, the answer to your sum is zero. So, that’s the common good. It’s when you never insert a naught. When every living individual in the town, the state, or our single global society today, where not one single one of them is left out because
the well being of the rest of us depends on the well being of each and every other one. It’s an old classical philosophical thought; it’s not original thinking. But, it is what leads me to get to be involved in human trafficking, because I think that’s one of the most horrendous forms of degrading other human beings—it treats the trafficked as a naught. It’s one that we can do something about, hopefully.

DC: For our final question, where do you think micro-level sociology is headed, especially in light of this kind of tendency to sharply divide between the micro and the macro?

MA: I don’t see mine as a micro-level theory at all. I see myself as theorizing from the micro up to the macro and then working the other way round. So, there’s upward causation, then downward causation from the macro to the micro. The reason why it sounds kind of utopian is because it takes an awfully long time to do. You’re looking at the almost completed career of a person who started young! There’s been time for this. So, we start with this 800-page book, which is a macro book, on how do educational systems got to be different, centralized rather than decentralized. Then, you could say structure and agency represented the macro, the structure, with the micro, as the agent. This isn’t always the case. You could be talking about a very small structural feature and a very large social movement, of class or revolution or whatever. Then, you get to my reflexivity trilogy, which is certainly micro in the empirical work, but it didn’t end up remaining micro. That was just doing, well, a very American thing, using your own students. It led on a Springer series of books on, can we talk at the most macro-level about where modernity is going and link it back, both upwards and downwards, to the changing modes of reflexivity of people’s subjectivity? So, it keeps going, up and down, down and up again – always over time. The reason is, usually, you can only handle so much in one head at one time. I don’t think I’ve ever been very good at using lots of big data very profitably. So, I would always prefer a kind of rich canvas of petit point tapestry, and kind of disentangle strands from it. There has to come that point where people, grads or perhaps post-docs, are thinking about their first book that isn’t under somebody’s supervision. It really is theirs; they have to take ownership of it and authorial authority for it. That’s when the key thing really is get to know yourself. You get most out of it when you put most into it, something productive and enjoyable. The two do tend to go together.

DC: That is all. Thank you for speaking with us.
Considering Crises and Neoliberalism: An Interview with Dr. Alex Callinicos

ANDREW BEUTEL, DELMAR REFFETT, & ASHLEY RUDERMAN

University of Kentucky

Alex Callinicos is Professor of European Studies at King’s College London. His research interests include European social and political theory, contemporary political philosophy and critical theory, historiography, and international political economy. He seeks to show how a Marxist understanding of capitalism can identify the interaction between deep-seated structural tendencies towards crisis and the cycle of boom and bust in the financial markets responsible for what some commentators are beginning to call the Long Depression.

disclosure Interviewers: Andrew Beutel, Delmar Reffett, and Ashley Ruderman

DC: You’ve had a really wonderful career. How have you seen social theory evolve over the course of your career? How do you imagine the future of social theory within this kind of global academic and interdisciplinary moment?

AC: Well, I think when I was at the kind of stage that you’re all at it was a real struggle to get social theory recognized as something legitimate. There was sociological theory, but that was quite narrow and disciplinary and dominated by the thought of people like Talcott Parsons. I was trained in philosophy, but also I was trained at a British university.

First of all, a connection between philosophy and a larger ideological and social context was highly contested. The idea that continental thought was relevant was highly, highly contested and so it was a battle for people of my generation to get the kind of people we were interested in: Marx, Althusser, Foucault, Derrida, you know, people who are now very, very well established reference points; it was a real fight to get them taken seriously and addressed. So in that sense, the situation is incomparably better now than it was when I was young. I think a consequence, however, of this widening and pluralization of social theory is inevitably a degree of fragmentation partly because there are all these different great masters to study, but partly also because I think that, because of the enormous impact of philosophers associated with post structuralism, fragmentation was built into the kind of intellectual agenda that they, or that their reception I should say, tended to promote.

I think in the last ten or fifteen years there has been something of a reaction against this dual fragmentation, and the emergence of figures who are primarily philosophers but have had an enormous influence right across different folds of critical theory. The prominence of people like Alain Badiou, the
unavoidable Slavoj Žižek-- we all laugh at the very mention of his name, but I hope in a good way-- the fact that they’ve been so influential represents a reaction against the fragmentation, and a desire of finding some kind of framework, in which, to use an old fashioned word, one can totalize, and try to establish the connections between different issues, different disciplinary demands.

DC: You mentioned post-structuralism and how it’s facing a bit of a backlash. I’m kind of curious if you see that as at all connected to post-structuralism’s resistance to think in a totalizing manner. Is that in any way connected to post-structuralism’s inability to really think on a structural level at a time when thinking about this in relation to a lot of social crises that we’ve been facing? Do you think that part of that backlash is because post-structuralism has a hard time thinking as a form of a total structure, and therefore isn’t able to respond to a lot of the crisis we’re seeing at this juncture of history?

AC: I think that’s basically right. I think there’s been a problem there’s been resistance, and perhaps I should distinguish between resistance and reaction. I mean there was a reaction, certainly in Britain, to the reception of post-structuralism, which was philistine. For example, when Derrida was awarded an honorary degree at Cambridge University I think the 1990s, there was a huge campaign against it on a completely indefensible basis of, you know, “we don’t need this kind of fancy French theory.” And I want to give that example partly to emphasize that I think there are all sorts of positive things about the influence of people like Foucault and Derrida and so on, we’re clearly in their debt in lots of ways.

Essentially, in terms of the reaction against post-structuralism that we’ve seen over the last ten or fifteen years, I think it’s been of a different character. And I think fundamentally, it is as you say: because of the principle rejection of totalization that is common to the different thinkers we tend to describe as post-structuralists, I mean to put it simplistically, what’s missing from all of their discourses is capitalism. And capitalism is something that I think is very hard not to totalize about. In this context, Fredric Jameson is a very interesting figure because he of course is famous for insisting on the necessity of totalizing, but doing so in a way that is open to the positive and productive elements that we find in the post-structuralists.

Sure, capitalism is an unavoidable topic these days. To the extent that we have to talk about capitalism, we have to talk about Marx, we have to grapple with the necessity, however problematic it may seem, to be of totalizing.

DC: I have been reading your *Anti-Capitalist Manifesto* which is inspiring and great, and one of the things that I noticed and found interesting was the notion of
globalization that’s at play in the book because it seems to constitute both a prodigious threat to the world but also an extraordinary promise for a better one. In your introduction you cite Richard Falk’s distinction between two principal notions of globalization. And he says, “globalization from above, reflecting a collaboration between leading states and the main agents of capital formation, and globalization from below, an array of transnational social forces animated by environmental concerns, human rights, hostility to patriarchy, and a vision of human community based on the unity of diverse cultures seeking an end to poverty, oppression, humiliation, and collective violence.” So, it would seem that everything depends on how this dialectic plays out in the future, and that if the Anti-Capitalist movement is to achieve victory over global capitalism, globalization from below must prevail. But, unfortunately, globalization from above appears to be the one picking up steam, even though globalization from below has made extraordinary advancements against it. So, I guess if one of the most pernicious effects of this globalization from above, this movement is to impose the logic of capital upon societies and individuals around the world, how can a movement of international solidarity counter and overcome it?

AC: First of all, I think the kind of ambivalence I talk about in globalization, really that ambivalence stems from the character of capitalism. I referred to Jameson earlier, and Jameson has this great comment on Marx’s *The Communist Manifesto*, where he says that what Marx is saying is that capitalism is simultaneously the best and the worst thing that has ever happened to humankind; it is both incredibly destructive, but also dynamic, in certain ways liberating. It’s the source of what we call “globalization,” so, if there’s an ambivalence, it’s crucially to do with the character of capitalism. Jameson has this really good comment somewhere where he says we should experiment and replace every reference to globalization with a reference to capitalism, and I think that is a very healthy suggestion.

More concretely, on the question of globalization from below, I’m more optimistic than you are. The last time I was in the States was in the autumn of 2011, which was the moment of Occupy. Now, that’s a moment that has in a certain sense passed, but it’s worth stressing how incredible it was. Here we have an occupation of a park in Manhattan, close to what really is the financial capital of the world, that was inspired by what? It was inspired by the occupation of Tahrir Square in Egypt. It’s astonishing that you had this movement, and I was in New York when Occupy was going on, which was having an enormous impact on the city, a city where there is a lot of support for the state of Israel, that was inspired by a revolutionary moment in the most important city in the Arab world. That’s not exactly international solidarity, but it’s an example of the way in which
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images of resistance, and inspirations, cross what’s in the past seemed like impossible barriers.

There’s this cliché, of which I’m afraid that Jameson is also the source, that it’s easier to imagine the end of the world than it is the end of capitalism. But it seems to me the moment of Occupy, and I stress it only was a moment, shows that we can imagine all sorts of other things. We can imagine ourselves as part of a global movement of resistance. The problem with Occupy was that it was a moment, but it was an enormously suggestive moment. So, I think there’s more going for globalization from below than you suggest.

DC: Going back to your recent book, *Bonfire of Illusions*, in there you talk about how there is this prevalent mindset among the economic establishment that what should be done is that the state should come in, during this moment of crisis, prop things up, and recede. I think you compare it to the Lone Ranger coming in to save the day. This resistance to thinking crisis as symptomatic, rather than just momentary, I was wondering if you could say something about what you think that says about the way that Neoliberalism thinks about crisis, in general, and how Neoliberalism thinks itself. How does Neoliberalism sees its own weaknesses, if it sees its own weaknesses? And how does that maybe relate to the material conditions of financialization?

AC: I should say that I wrote *Bonfire of Illusions* in 2009-2010, so at a comparatively early moment in the crisis. If revolution is process, so are crises. They’re not instantaneous events. Things have developed since then, and I think things are now much clearer now how particularly here, because there’s a confidence about responding and handling crises in the United States, which is, for example, not the same as what we see in Europe. But I think we can be clearer about how Neoliberalism, particularly here, thinks about crises, in the sense that “sure, we use the state to save us, and to save the banks.” It’s one of the great ironies of the crisis that all the things that the U.S. Treasury, along with the IMF, used to tell other countries they had to do if they got into financial trouble, were completely ignored in the drive, in particular, to save the banks, but more generally to stabilize the economy. But also, the crisis was used to radicalize Neoliberalism. Now, that side, I think, is clearer in Europe than the U.S., because it was in Europe, in different ways in Britain and the Eurozone, but generally in Europe, where the drive to austerity took place. It’s clear that the drive to austerity isn’t just about making the books balanced, reducing the deficit, all that kind of stuff. It’s about a further phase of Neoliberal restructuring, shrinking the Welfare State, and making labor markets more flexible. And, of course, we’ve seen that agenda, under the pressure of the Tea Party, but not reducible to the Tea Party, happen here. So, we have this kind of duality in the way in which Neoliberalism
has turned to the state: “the state will save us, but, at the same time, we need to further, if you like, Neoliberal counterrevolution.”

I think that has, in part, to do with the enormous power that the banks have. You talked about financialization. But I think we have a much clearer sense of just how powerful the banks are. This is a striking contrast with the crisis of the 1930’s, where Roosevelt and the Democratic congress, from 1933 onwards, dealt with the banks very, very robustly. J.P. Morgan was broken up, with no hesitation about that. So the banks were subjected to much tougher controls than they had been previously. We have seen absolutely nothing like that this time, which shows how central the banks are to the way in which contemporary capitalism functions. The only other thing I’d say, though, and this is a problematic aspect of the crisis from the point of view of the ruling classes, is that, and I’d forgotten I’d used the Lone Ranger metaphor, well, the Lone Ranger is still here, he’s still having to hold the thing together. This is very clear in the fact that Quantitative Easing continues. The Fed is still creating $45 billion a month to prop up the financial system. The European Central Bank is considering its own version of Quantitative Easing at the minute. So, in some ways, the drive toward austerity has shown the, if you like, the robustness of Neoliberal capitalism, the way in which it’s used the crisis to drive things further in direction in which it wants things to go; but, at the same time, Neoliberal capitalism is not so robust, because it depends on the crutch of support from the central banks, now nearly seven years after the crisis started. So, it’s quite a contradictory picture, I would say.

DC: I was wondering if, while we are thinking about that, you could talk a little bit about the fact that there has recently been this rash of statements coming from very wealthy bankers and tech moguls, it seems to be centered on San Francisco, there’s been a lot of, what I would characterize as very shrill claims about how they, the wealthy, the One Percent, are being persecuted by critiques of them, one [Tom Perkins] compared it to Kristallnacht, with the One Percent being treated like the Jews were in Germany during Hitler’s ascendancy. This contradiction that you talk about, is it perhaps connected to this sensitivity that we’re seeing on the part of those who have, for all intents and purposes, fared very well under the crisis?

AC: Yes, they’ve been behaving like spoiled brats, really. The super rich, and the corporations they control, enjoy incredible protection, and, as you say, have benefited enormously. There’s this new book by the French economist Thomas Piketty that’s attracted a lot of attention, in which he shows that the levels of inequality are now comparable to those before the First World War. So, you have these people from enormously privileged positions complaining, not because anyone is doing anything to them: their taxes haven’t increased significantly, in
reality financial regulation is a bit of a paper tiger, the banks’ lobbying power has ensured that Dodd Frank has had most of its teeth removed. And then they complain because people don’t like them. That’s really what it comes down to, because very little has actually happened to them. I think, though, that it does reflect a change in the ideological climate, because, although Occupy was a moment, it was a moment at which they, the One Percent, although it seems like it’s the .1% who are the really rich ones, stood in front of a glare of hostile publicity. And, I think that these complaints from the corporate rich and the bankers and so on reflects that one respect in which the Occupy moment has continued, is that the criticisms of the inequalities and irresponsiblities of the rich have carried on.

DC: I want to ask a follow up to that and contextualize neoliberalism within higher education especially in the United States because they’ve become very entangled within one another. I think especially at the state universities, who, when the state legislature puts it on the table that a significant budget cut of 5, 7%, like we are experiencing here at the University of Kentucky—when those sort of cuts exist I think universities are often forced to seek funding from corporations and that’s why we have classrooms named after them and buildings named after corporations, so how do you imagine this rescue to take place if we’re to begin separating, or how would we extract higher education from the neoliberal grasp that seems to be holding it?

AC: The details are different but the picture is the same in Britain. Particularly because U.S. universities are held up as a model that we have to assimilate to. And one respect in which the crisis is proved an opportunity from the neoliberal point of view is that this process has accelerated very sharply in Britain in the last few years.

I suppose I’d say a couple of things. A starting point is that there’s this deep conflict about how we understand the value of higher education. Is higher education there essentially as an economic asset either to the individuals who are getting the degrees, or to their employers, or the government? Or is it something that is an intrinsic value? My personal opinion is that it makes sense to exploit both those aspects, clearly given how technologically advanced contemporary capitalism is, it needs universities and the people who are produced in them. One of the things that’s happening in Britain is the much tighter subordination of academic research to corporate needs—that’s bad, but it reflects the fact that the corporations need universities. So, I think that it’s a factor in universities’ subordination to capital, but it’s also a source of strength. That we can say, “you need us”—us, when I say us, both the people who work and the people who study in universities—so treat us properly.
So I think we should say that. Of course the other issue is to do with education as something of intrinsic value crucially because of the way in which it contributes to people’s self development quite independently of whatever economic consequences a university education might have. Now I think it’s important to explore that aspect of universities. It’s difficult because very often this kind of view of the university is framed in a very elitist way. There’s a famous lecture that the British Catholic intellectual Cardinal Newman gave in the 1860s called “The Idea of a University” where he says “What are universities for? They’re for forming gentlemen”—no, I don’t think so. But, tied up with that very elitist conception of the university is an idea of university education as a process of self-development. So I think there’s an ideological effort that has to be made to detach the notion of university education as something intrinsically valuable from the elitist way in which it’s tended historically to be framed.

When you put those elements together both the economic value of universities and the intrinsic value of a university education, and also of course, the research that goes on in universities, we have a very powerful case. And I think, I think very often, I’m just talking about Britain—actually I may be involved as an academic in a form of industrial action in a couple of week’s time because we’ve got a campaign to improve our pay and so on—but very often when we campaign we do it in a very defensive and depressed kind of way. But I think there’s a very powerful case for what happens in universities that we should put to the rest of society, which of course, blurs into us anyway because universities are so big and so many people go to them these days, in a much more confident way. Now of course just saying things doesn’t change anything, but there is an ideological struggle that we have to pursue.

DC: I was going to ask one question, I guess it’s a good follow up because it’s on values. Toward the end of your manifesto, I think you bring up the really important question of value, and how, sort of, a realization under Neoliberalism of some of the most important values to humanity amounts to their destruction, or if that’s too strong, maybe their perversion, but you have this great quote where you say, “Neoliberal capitalism reduces freedom to the right to buy and sell and equality to a legal form. This disintegrates solidarity to privatized individualism, and threatens the very planet on which all humans depend to realize their desires and pursue their projects.” That’s a trenchant critique, and I see the problem as people are conditioned by capitalist society from the outset, and so their values get shaped in accordance with the logic of that society to a certain degree. So, I feel like what could happen, and I’m not saying this will necessarily happen, but, based on your account, I think you might agree, that Freedom, Equality, and Solidarity tend to get stripped of their deeper meaning, they get trivialized, they just become empty ideals. And then you get this dangerous tendency, this general
sort of depoliticization of society. With Occupy, that was great, because you saw this re-politicization of society. But, nevertheless, there still seems to be this withdrawal of, or a lessening or a weakening of, the political will that Neoliberalism tends to bring about, almost ruthlessly. But, you say, towards the end of the book, that the movement, the anti-capitalist movement, offers a radically different reading of these values, and that they could be realized in a completely different way. But it has to be done against, and through a replacement of, global capitalism. So, if the transformation of these values, which are so important, depends ultimately on the success of this movement, it follows that what is most important is that people believe in this movement. So, and I think your book when a really long way in accomplishing this, but I guess what do you think the status of such a belief is today? Belief in revolutionary change, Belief in emancipatory politics? And how do we get people to believe that Liberty, Equality, and Solidarity are worth struggling for, when every day they’re being bombarded with this society that doesn’t seem to value these very important ideals?

AC: First of all, talking about Liberty, Equality, and Solidarity, those aren’t ideas that I picked out of my head; those are the values that represent the heritage of, among others, the American and French Revolutions. So these are ideals that emerge in a bourgeois context, and to which our own societies constantly pay lip service, and for which act as a reference point. I think that’s quite important because, going back to the question of inequality, there would be societies where inequality wasn’t a problem. If you complained in Feudal Britain about inequality, people would think you were completely crazy, because hierarchy was the norm. Equality is meant to be the norm in our societies. There’s a very important piece by Etienne Balibar where he talks about the way in which these ideas, which he calls Egaliberté, a kind of fusion of equality and liberty, are open to a constant process of reinterpretation and renegotiation that radicalizes them, starting with workers and feminists in the 19th century, but carrying on with all sorts of different groups more recently. Now, it’s true that we live in societies where these values are thoroughly debased, but they’re quite powerful, crosscutting forces.

You said you were interested in Castoriadis. Now, Castoriadis has this really good argument where he says that no capitalist enterprise can function without the creative input of the workers and the kind of cooperation among themselves that allows the enterprise to function in a way that, on its own, it wouldn’t. My experience has always been that, if you look at any workplace, it’s precisely because the way in which the workers sidestep the formal rules. Very often, the managers don’t have a clue what’s happening.
And this is true in social life more generally. There are all sorts of informal ways which people cooperate and, in their daily lives, actually enact those values. Without overstating it, there are elements of the alternative society that are sort of embedded in the everyday life that we experience under capitalism. And capitalism, as in the example that Castoriadis gives, lives off and exploits that kind of creative cooperation, but it’s an important reference point if we’re feeling too depressed about the banality and depoliticized character of our societies; it’s worth remembering how much they depend on us.

The question is how to tap those resources of creativity and solidarity. That can be hard. It can be hard partly because the fragmenting, individualizing and depoliticizing pressures that come from the structures of the societies, but also because it was a precondition of Neoliberalism being successful that movements of resistance were radically weakened. And I think what we’ve seen in the last 10 years or so is a series of protracted efforts to rebuild much stronger movements that can cease just to be movements of resistance and become movements of emancipation. And it’s difficult. You have steps forward, like at Seattle, or with Occupy, or with the beginning of the Arab revolutions in Tunisia and Egypt. And then there are setbacks; forces get dispersed, there can be repression, as there is in Egypt at the minute, and so on. So, I would say we’re in the middle of quite a long process of rebuilding, reconstructing, the emancipatory forces in our societies.

DC: Going off that, I was curious: when we think about revolution, we tend to, at least historically, think of the proletariat as the revolutionary subject, as the group, the organization, which will bring about revolution. Because the proletariat’s position as revolutionary subject was, in many ways, an outcome of industrial capital, I’m wondering if the proletariat still maintains an important role in becoming the revolutionary subject in financialized capitalism. And, if not proletariat, then who is implied by financial capital to step up as the revolutionary subject?

AC: Well, I think that what we see in the Neoliberal era is a great extension of proletarianization. That’s happened extensively. Look at all those Chinese peasants who are now powering the biggest industrial complex in the world in Southeastern China. But it’s also happening intensively. When if referred to the fact that I might be involved in industrial action in a couple of weeks, that reflects the way in which university professors have been proletarianized in Britain. I mean, I don’t want to whine about it; lots of people have suffered worse. But I’ve been on strike quite a lot over the past 10 years, which I never was in the earlier part of my academic career. In Britain, even more amazingly, lawyers have been on strike a couple of times recently because they’ve got a dispute with the
government about the legal aid program that the government funds. Now, if lawyers can go on strike, anyone can, really. I mean, that’s an exaggerated example, but the point that I’m trying to make is that the scope of the proletariat, in the sense of wage labor subordinate to capital, has greatly increased in the last generation. What happened, though, was the particular form that the working class movement took, which was very much centered on the great Fordist factories of the second Industrial Revolution. If you look at the great wave of working class militancy that took place, including here, in the ‘60’s and ‘70’s, tremendously it centered on auto factories. That working class was broken up, and defeated, and dispersed. That was necessary for Neoliberalism to triumph, and we, and I say “we” in the largest possible sense, haven’t yet come up with a secure basis for reconstructing the working class movement.

It would be a very different working class movement, because of the proportion of women in the wage labor force, because of the importance of migrant workers almost everywhere these days, South as well as North. Certainly in countries like the U.S. or Britain, there would be a lot fewer people working in factories in that new working class movement. But part of the process I was talking about is the process of creating a different kind of working class subject and it’s still, I would say, early days in that process. But it’s something that’s happened a number of times in the history of capitalism. The Chartists, the great British working class movement of the 1830’s and 1840’s was composed of workers in textile factories, in very brutal and oppressive conditions. The kind of trade union movement that emerges toward the end of the 19th century, after Chartism was defeated, was of a very different character. So, these processes of recomposition and reconstruction have gone on throughout the history of capitalism.

DC: In your book [An Anti-Capitalist Manifesto], you pose a crucial question: “Is the enemy neoliberalism, that is, the policies embodied in the Washington Consensus and the Anglo-American model of capitalism that those policies seek to universalize or the capitalist mode of production itself?” The primary goal of the anti-capitalist movement, I believe that you argue rightly, should be the struggle against the capitalist mode of production itself and not so much its negative side effects. But I think that’s important distinction that needs to be carefully unpacked because when one says the “problem of capitalism” or describes capitalism as a problem in and of itself and stresses that neoliberalism, for instance, springs from the capitalist mode of production, it is not always clear what that means exactly or people may simply not believe it. So, I see the problem of capitalism or, more precisely, the capitalist mode of production as proceeding from a system that is driven by a desire for profit and by an aggressive, competitive accumulation of capital—a system that has little to no
interest in the democratic values of equality, justice, and autonomy. In my opinion, that’s the central tension of our society. Now, I know, generally speaking, that social democrats want to reconcile, or try to reconcile, the democratic drive with the capitalist drive, but I don’t see them as being reconcilable. And I don’t think that it’s cynical to make that claim; I just don’t see how one can overcome their opposition. This being said, if you had to unpack that distinction between neoliberalism and the capitalist mode of production and try to articulate what the problem of capitalism actually is, a problem that is often overlooked, how would you do that?

AC: I would say that the defining features of capitalism, as Marx develops his critique in *Capital*, are two. First of all, there’s the exploitation of wage labor; in other words, the system rests on the way in which economic pressures force the people who do the producing to sell their labor power, their ability to work, but on the basis of weak bargaining power, which leads them to being exploited at work. Secondly, competitive accumulation; in other words, the capitalists who exploit the workers aren’t this kind of unified blob, but are internally divided and compete with each other, and that process of competition then leads to accumulation—in other words, the bulk of the profits being reinvested in expanded and more efficient production. Those are the fundamental features of capitalism. Now, that’s a very abstract set of statements. Those structural features can be realized in a wide variety of institutional forms. In Britain, it was on the basis of small family firms and free trade. At the beginning of the twenty-first century, you have the emergence of what the Austrian Marxist Rudolf Hilferding called “organized capitalism” where by which the stage the firms are much bigger, they often collaborate in cartels, and, at least in countries like Germany, big industrial firms and the banks are closely integrated together with the state kind of coordinating the whole entity, which is primarily nationally organized, so it’s nationally organized, organized capitalism. Now, crucial to the context of neoliberalism is the way in which between the fifties and the eighties that nationally organized capitalism breaks down, competition is increasingly international, dominated by transnational corporations, and the kind of financial markets that broke down during the crisis of the 1930s re-establish themselves and come to drive investment internationally and so on. And it’s those structural changes that then create the conditions in which neoliberalism, in the sense of an ideology and a policy that gives priority to competition and the market, comes to prevail. So, neoliberalism is one institutional realization of the basic structural features that arose in a very specific historical context. Now, I would say that the position that I argued for in my book—that the enemy is capitalism—was a minority in the anti-globalization movement. Most people, and this is very clear in Europe, thought that the problem was neoliberalism and that it would be possible
to return to a more regulated, if you like, organized form of capitalism, although there was a lot of puzzlement, and still is, about who’s going to do the regulating. Is it back to the nation-state? That’s problematic because of the much greater level of globalization and of international integration. In Europe, you had the argument that maybe the European Union can do the regulating, and then the crisis has shown that the European Union can’t regulate anything. But it’s certainly true that some very intelligent critics, like the French Marxist Gérard Duménil and Dominique Lévy, argue that the recent crisis is an opportunity to create a more humane and regulated version of capitalism. But what we can see is how deeply entrenched the neoliberal variant is. That doesn’t mean that there couldn’t be some reconstruction of capitalism to move away from neoliberalism, but the obstacles seem to be much bigger than I personally had thought and the people who positively advocate it seem to realize.

DC: Connected to that, you were discussing the question of whether we can use the nation-state as a means of regulating capitalism, which is, as you know, a very fraught notion. In *Bonfire of Illusions*, near the end of the book, you criticize a lot of people. You particularly talk about John Holloway and his idea that we should avoid taking state power, and I think [Alain] Badiou has a similar concept when he talks about his politics of subtraction. I’m wondering, on the one hand, since the state is no longer the central organizing unit of capitalism— it is now transnational in neoliberal times—and because you do advocate that the state is important, how can the state be revolutionary in these transnational times?

AC: Well, first of all, I don’t think that the state has been transcended. As I was saying earlier, the nation-state has been critical to dealing with the crisis, not simply with the bailouts. Austerity is essentially a state project. The European Union is a slightly strange entity, but part of its strangeness is that it’s still dominated by national governments and some national governments in particular at the minute, especially Germany. So, the nation-state remains the crucial political form through which capitalism is managed and part of the mistake I think that people like Holloway make, and it’s particularly clearly in Hardt and Negri, is that they bought a lot of the publicity for globalization, which is that it’s doing away with the nation-state. The nation-state is still very powerful. One of the things I argue in *An Anti-Capitalist Manifesto* is that the anti-capitalist movement needs not just to recognize that, but also to recognize that there is also positive stuff you can do with the state. The state is a very powerful mechanism for redistribution and because the welfare state is essentially a system for limited redistribution within a capitalist framework, that’s a resource that could be exploited by a powerful movement to force greater redistribution from the existing state. But at the limit, I don’t think that it is possible to get rid of
capitalism—well, how shall I put it?—I’m a very orthodox Marxist, so I agree with Marx that you can’t transform society from capitalism to socialism using the existing state. So, again, as he puts it in one of the things he wrote after the Paris Commune, what we need is a revolution against the state. But my difference still with people like Hollway is that that doesn’t mean evading politics, but rather developing a movement that is strong enough to confront the existing state and to replace it. Holloway is basically arguing that we can build kind of islands, that is, we can exploit the cracks that exist in capitalism to create islands of emancipated existence and therefore we don’t need to worry about the state. My argument is that the state and capitalism more generally won’t leave those islands alone, and therefore we need to develop a movement that has the strength to confront the state and to replace it and, in doing so, to develop the kind of political forms that can provide the framework in which we move to an emancipated society. I know that that probably sounds like a set of slogans more than anything else. It’s the definition of a problem, not a solution.

DC: To finish up, I’m not sure how much you want to disclose, but we wanted to ask you about your future work and what you’re working on now and any ideas percolating in your head about stuff you want to write.

AC: Well, I’ve just finished a book, which is a study of Marx’s *Capital* that will be published later on this year. It’s going to be called *Deciphering Capital*, and it’s a study that it’s particularly concerned to clarify the nature of Marx’s method in *Capital* and, through clarifying that, to throw light on more concrete debates both about *Capital* and within Marx’s political economy. And I did my PhD on Marx’s *Capital*, so, in a sense, this is something that I’ve been working on for a frighteningly long period of time and it’s a project that’s particularly important to me. What I’m going to do now that I’m finished with it, to be honest, I’m not particularly sure because I’m trying to recover from the process of finishing the book. But there are a whole series of debates in Marxist political economy that I expect that I’ll pursue. Perhaps it’s worth emphasizing that this is a quite a creative moment in Marxist political economy. I looked at an article that I wrote fifteen years ago where I said that the Marxist theory of crisis had fallen on hard times. I wouldn’t say that now with people like David Harvey and Dominique Lévy and all sorts of other people who are working on developing Marx’s political economy. But one of the things that’s interesting about this renaissance is that it’s combined with a tremendous amount of discussion of *Capital* itself. So, you have Harvey writing books about capitalism but also writing his commentaries on *Capital*. And I find that quite a good combination because I think it is important to try to recover and understand properly what Marx argued, but there’s always a danger that that becomes purely philological or like a form of
piety. On the whole, however, the recovery of Marx’s own thought is combined with an attempt to use that thought or how you interpret that thought to better understand capitalism itself. So, I would like to think that my book is part of that, and I hope to continue to contribute to this renaissance in Marxist political economy.

DC: Okay, we would like to thank you on behalf of the Social Theory Committee at UK for an extremely rich and productive conversation.

AC: Thank you, and thanks for all your good questions.