CHAPTER 6: Capitalist Markets and the Kafkaesque World of Moralization

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In this chapter I locate the current economic crisis in two larger contexts. The first is the real material process that connects declining hegemony in the global system to credit bubbles and crunches, to neo-liberal flexibilization and to crises in which there is a high degree of historical determinism linked to the cyclical logic of capital accumulation as a time-space phenomenon. The second is one that embeds such crises within an ideological space that becomes increasingly a moral space in periods of desperation like the present. Thus, we are dealing with a powerful material logic on the one hand and, on the other, an accusatory moralism that spans the gamut from hunting devils to castigating the system itself.

In the Fall of 2008 the shock doctrine came home to roost in the form of what has been referred to as a “financial meltdown” in the American and large segments of the world economy. Many were quite surprised and there was a sense of moral indignation about the entire affair. With media support, there has been an ongoing witch hunt for the culprits who “got us into this mess”. The interpretations proliferate. Some economists declared that they warned that this would happen, at least in the last year or two, but their solutions indicate that their understandings are also to be questioned. Is the way to a healthy economy via pump priming, printing and distributing billions of dollars to important nodes in the economic institutional network? Even economics prize winner Paul Krugman, a major advocate of bailouts, has recently admitted, as others have argued for decades, that it was not the New Deal that got the

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1 This chapter was written in 2008-9, before the appearance of Ho(2009) Ouroussoff (2010) on the Wall street Wars or the work of Graeber(2011). These works are relevant to the chapter but do not change any of the analyses or conclusions.
US out of the depression, but World War Two.

The proliferation of discourses has reacted to this crisis as if it were quite unique. Little attention has been paid to the overall scale and dynamics of capital accumulation, the various cycles that are packed into it, from shorter business cycles to longer cycles (including what some have referred to as hegemonic cycles) are not part of the immediate reaction to losing one’s savings, pension, house, or livelihood. Consciousness has tended to be short term, and in large parts of the Western world this was for a time reinforced by a myth that somehow business cycles were over, that growth had become a permanent fixture. The following discussion deals with the articulation between the dynamics of economic value and moral values, distinct and autonomous yet connected in the larger reality of experience and its conditions. What is the nature of the current moral reaction against markets and to what extent is this primarily a crisis phenomenon or at least a phenomenon related to its effects or a more general structural expression.

Elsewhere, I have written about the dynamic and cyclical nature of global systems in which we may see a decline of Western hegemony and the shift of accumulation to somewhere else (see Friedman 1992, for example). We have now seen this come to pass, with widespread recognition that the development of the developing world comes in conjunction with a parallel decline in the developed world. In fact, this is a quite systemic process that is not only inherent in Western capitalist history, but in large measure the entire history of commercial civilizations which goes back to the Third millennium B.C. and of all social systems (the general rule) that have been founded on the accumulation of wealth in relations of competition. If there is a “moral” to this story, it is that we have been strangely participating in a gigantic civilizational
repetition compulsion from the very start. So Marx and Freud can again been understood as that odd couple in the understanding of humanity.

**Against keywords**

There has been an excessive, almost obsessive, attempt in the past years to label reality rather than trying to account for its genesis and dynamics. This is a complex phenomena that requires a study in its own right (Friedman 2000, 2004) but it seems apparent that in the vacuum of debate and the tribalization of academia a cannon has begun to emerge in which category terms, labels, and keywords have become a necessary ingredient in our discourses.

Words such as globalization, millennial capitalism, neo-liberalism are among terms used as causal and definitive rather than as objects to be deconstructed and deciphered. This has skewed much of the discussion in the direction of labeling and categorizing rather than analyzing. These words also take on moral connotations, part of the ahistorical almost visceral reaction to the rapid transformations of the past decades, as if capitalism was the work of bad-guys and simply calls for a Rambo of the left to set things straight.

The term globalization itself has been, for quite a few years, a way of designating the nature of the contemporary situation, an epoch, a stage in history and unlike anything we have seen previously. The discontinuity embedded in its usage is also a kind of prophetic statement defining its adepts who are the new enlightened elite, who demand a thinking of anthropology through a barrage of critiques of “the old school” in which “culture” was assumed to be bounded and was essentialized, a reflex of the national model which is its supposed origin. While some of this was correct it was also very often characterized in terms of evolution: before we were local but now we are global; there are no specific cultures anymore, they are all globalized, hybridized...
and thus need to be rethought in such terms even if once upon a time they were in fact local. The vocabulary that followed on this shift included a focus on what I have referred to as trans-x discourse (2000). In its heyday, globalization discourse made assumptions about a coming world of happy fusions, at least in cultural terms (“we’ll all be culturally free” (Appadurai ###)). But soon this image was confronted by the contradictory processes that were actually occurring in the world with all of their fragmented violence and class polarization. More recently, globalization has been modified or even replaced by the word “neo-liberalism” with a new focus on the “bad side” of globalization.

In all of these cases the words contain a certain magic. Globalization is the cause of increasing sorcery accusations in South Africa, the emergence of xenophobic movements seemingly equivalent to sorcery in Cameroon (Geschiere ###) and Europe. Those who have dealt in more detail with the materiality of globalization are more skeptical concerning the power of these terms to explain anything. Arrighi (1999: 118) correctly understood that neo-liberalism was merely the resurrection of the normal regime of capitalist accumulation after an interlude, following the depression, of strong national and public regulation:

As a result of this reintegration and deregulation, global private finance—“high finance,” as it was known in the nineteenth century—‘like a phoenix risen from the ashes...took flight and soared to new heights of power and influence in the affairs of nations’ [Cohen 1996:268].

This resurrection of global high finance was accompanied by the parallel resurrection of long discredited doctrines of the self-regulating market—what Karl Polanyi [1957, chs. 12-13] called the ‘liberal creed.’
Likewise, Harvey (1995:8) has dealt with “globalization” as a cover term to denote “a shift from one global system (hierarchically organized and largely controlled politically by the United States) to another system that was more decentralized and coordinated through the market, making the financial conditions of capitalism far more volatile and far more unstable.”

Of course words are used to capture a certain aspect of reality, and I would not argue that globalization and neo-liberalism do not refer to any real objects, only that they have taken on a kind of magical explanatory value rather than being that which needs to be explained. They have been used as such, metonymically, to be generous, as symbols of larger scale yet more specific phenomena, but this enables one to endow them with powers that they do not have. This is because they are not autonomous realities but aspects of larger logics or processes. We have dealt with globalization as a periodic phenomenon within already constituted global systems and researchers such as Harvey (1995) have dealt with “neo-liberalism” as a historically specific structural adaptation to the declining profitability of a former corporate structure of accumulation. There are of course discourses associated with this neo-liberal politics (and it is politics and not economics), including such famous characters as Hayek and Friedman, but these are not the source of the implementation of particular policies, only their rationalization. And in all of it we discover that presidents such as Reagan who is supposed to be an icon in this respect is better categorized as a Keynesian, a military Keynesian, for reasons of necessity within the logic of capital accumulation in a particular historical situation.

**Globalization as a historically specific moment within global systemic cycles of expansion and contraction**
I suggest that many of the keywords above are often used in a way that directs attention toward products and away from driving strategies. Globalization is, in this view, not a stage of history but a historical phase of capitalist processes of long run expansion and contraction. Today’s globalization of wealth accumulation, or capital export, or decentralization of world accumulation is related to declining hegemony. It is not the first time it has happened. It occurred as recently as a hundred years ago as part of the decline of the UK. The crisis emerges from the linked properties of hegemonic decline and the shift in which capital is either exported or invested in non-productive activities such as real estate and other forms of speculation, leading to a bubble economy that is at the same time a consumption economy in which the balance of trade is increasingly negative.

This shift of capital investment is termed “financialization.” Financialization occurs simultaneously with the decentralization-fragmentation of capitalist production and services into a network of subcontracting. This shift from fordism to postfordism is often treated as an entire phenomenon but it is only one aspect of a larger process. Postfordism is the contraction of large mass firms into a financial core and a network of subcontracting often globalized subcontracting. The financialization refers to that part of the capital that remains at home in the financial cores of the system. Thus, globalization, financialization, postfordism (and “network society”) are aspects of a single process. Neo-liberalism is merely a product of a unitary financialization/globalization/decentralization (postfordist) process. This is not an assemblage because the separate processes are not autonomous domains with their own internal logics. On the contrary, they are very much mutually constitutive.

Globalization understood in terms of global systemic processes refers to a period of
hegemonic decline in which there is a relatively rapid decentralization of capital accumulation within the larger system and in which potential new centers of world accumulation begin to rise to dominance. This idea is also very close to that expressed in Arrighi’s (1999) *The Long Twentieth Century*, itself a development of Braudel’s (###) understanding of European economic historical processes, but it is one that we have developed with respect to a much longer historical trajectory, at least as far back as the earliest commercial civilizations of the Bronze Age. Its internal logic is as follows:

1. Initial expansion by a state within a pre-existing global system or co-extensively with the formation of the latter. Warfare usually plays a crucial role in this initial process as a major form of “primitive” accumulation of wealth making the following processes a possibility.

2. The formation of a hegemonic economic position, in which a center becomes a “workshop of the world”, producing a large percentage, even a majority, of the final consumption goods of the larger world.

3. Accumulation of wealth leads to increasing costs of reproduction in the hegemonic center as the immediate product of this accumulation. This is the result of the translation of increased wealth into higher standards of living, higher levels of consumption.

4. Following (3), the center becomes relatively more expensive to reproduce than other regions of the system.

5. This leads to a gradual process of capital export (which takes many different forms) to areas that are more profitable for investment.

   A. In this phase capital (accumulated wealth) cannot profitably be invested in
local production so it shifts to a combination of export and local investment in luxury consumption and a variety of forms of fictitious accumulation that tend to proliferate exponentially via a chain of packaging, securitization and sale that lead ultimately to the emergence of hedge funds referred to as casino capitalism and in the final instance to phenomena of the Madoff type.

B. This is equivalent to broadly described shift from industrial to financial dominance in the accumulation process.

6. The center loses its productive activities to other areas of the world at the same time as it becomes a major consumer (based on credit) of the products of its own exported capital.

7. New centers emerge, former recipients of capital investment from the now declining center which becomes a major global debtor after having been the major global source of credit (Braudel’s thesis of the autumn of hegemony).

Steps 4 to 7 correspond to the period of “globalization”. This is a specific use of the term and is clearly distinct from expansive periods of colonization and empire formation in which there is also capital export but primarily for the extraction of raw materials rather than the development of competing industrial activities. The same term is therefore used to denote what are in fact very different conditions and processes. While there is plenty of cultural diffusion in periods of expansion, the globalization that is referred to in contemporary discussions is typical of hegemonic decline.

**Neo-liberalism as a specific historical conjuncture**
Just as globalization, neo-liberalism can be understood as a cover term for a set of transformations in governance that accompany declining hegemony. There is a logical relation between globalization and the complex of processes referred to as neo-liberalism.

The transition from fordism to flexible accumulation is the expression of the declining profitability of vertically organized capitalist production, one that is constituted in the period of expansion which led in classical analyses to modern corporate capitalism sometimes referred to as monopoly capitalism. The fordist model is one in which the chain of production leading from raw material extraction to the final product tends to be incorporated within the same hierarchy of corporate structure. This is replaced by a double process of contraction of formerly productive units into a financial hub surrounded by a slew of competing flexible (replaceable) sub-contractors and a diversification into activities that need not have anything to do with the original productive activity (real estate: hotels, golf courses, casinos; derivative markets etc, from General Electric to GE Money, from General Motors to General Motors Acceptance Company). Finance is thus freed up from the production process and such periods are, as a result, also periods of massive expansion of finance capital relative to industrial capital. Flexible accumulation also implies flexible labor which is likewise hired on short term uncertain contracts in the wake of the gradual dissolution of labor unions.

The establishment of the conditions of decentralized flexibility requires state intervention, essentially a question of the active dismantling of the former Keynesian controls. Thus, the neo-liberalism in this is the change in the political/legal rules, that is deregulation, or rather re-regulation, of the economic process. And this refers to the political framework of economic activity rather than the activity itself. The government establishes the conditions of
liberalization, privatization of state sectors etc. but this should not be conflated with post-fordism as an organizational phenomenon. The fragmentation of economic activity and the subsequent global networking of the fragments has nothing directly to do with the re-liberalization of economic rules, but the two processes articulate into the larger reality referred to by the term, primarily for historical reasons if not structural necessity. They form a particularly powerful historical conjuncture. The proportional increase in the power of finance capital is a periodic phenomenon in the long cycles of capitalist accumulation, the latter referring to what can be understood as hegemonic cycles.

Thus, the turn of the 19th century was the era of Hilferding’s (###) *Finanzkapital* but it was not an era of neo-liberalism since up to the Great Depression, there was *nothing else, no alternative*. There was of course a tendency toward centralization and monopolization of capital itself during the period one that became a permanent fixture of modern capitalism, but this was perfectly compatible with a “deregulated economy”. The runaway features that led to the depression in this model were not the result of deregulation as such although hindsight would have us believe that Keynes could have stopped it. On the contrary, the larger systemic contradiction was, as suggested above, the increasing divergence of fictitious and real accumulation and the latter was set off in the global systemic configuration of what can be called the changing gradient of profit.

Following the model suggested above, the rise of any hegemonic center increases its trade surplus as well as increasing wealth levels, which leads to internal class conflict and redistribution of income that in turn is translated into social costs of production. The center thus capitalizes itself out of its formerly competitive position and capital moves to more lucrative
areas. That portion of capital that does not move is invested in the non productive sectors where money can readily be turned directly into more money, thus creating the bubble phenomenon. The so-called shift from industrial to finance capitalism is the logical product of the previously established superiority of the center, one that is expressive of the decline itself. Thus there is a temporal logic connecting hegemony to massive capital export to financialization and speculation. This is also a process in which production in the center becomes increasingly uncompetitive and is replace by imports from cheaper industrializing areas that are themselves organized in regulated, centralized and fordist structures. The flexibilization of central economies, just as their neoliberalization is a product of this pressure that leads to declining profit levels. Flexibility and deregulation are ways to counteract this downward trend, by separating financial hubs from decentralizing productive activities, by diversifying in the direction of strictly financial investments and by, last but not least, flexibilizing the workforce, the re-creation of a lumpenproletariat.

A model of these processes would generate scenarios like that of Sassen’s global cities with financial hubs surrounded by a series of ranked services from law to prostitution, decentralized production units if any and a mass of poor flexibilized labor, a global “multitude” full of the social fragmentation and “ethnic” warfare characteristic of blade runner society. The only absent ingredient is industry itself. Manufacturing belongs to a previous era and the high-tech industries that can be found in the center are dispersed into distant industrial parks where land is cheaper and real costs matter much more than for financial capital which has greater leverage with respect to liquidity. Even if one might agree to some extent that the older center/periphery structure of the world is collapsed within the confines of the global city, this is
only a partial truth. If Tokyo has gone in the direction of a global financial hub, the rapidly declining industrial sector of Japan is evidence of a historical change of massive proportions, and in China where so much of Japanese capital export has landed, we are “back” in the old world of fordist mass production, whose products we all consume.

There is, thus, a single complex set of relations linking the cycle of crisis to the transformation of the global arena. A further component is the transformation in the social order in the declining hegemonic center. Today, when globalization remains a keyword for many, there are surprising objections to the notion that Western hegemony is on the wane. If anything, as I show below, the US has been a declining center of capital accumulation since 1995.

The globalization referred to above (once celebrated, now not so celebrated) is a product of a certain phase of the transformation of the hegemonic structure of the global system in which former monopolistic production centers begin to export massive amounts of capital to more profitable production areas (not just in terms of labor costs but generally more economical conditions) at the same time as there was a reverse movement of the mass migration that results from the dislocations of a fragmenting global system (i.e., in those areas not privy to such capital export, itself an aspect of the decentralization of capital accumulation which fosters the generation of global underclasses or flexible labor pools). This is not the whole story, of course. The process also entails a reconfiguration of identities both as a result of fragmentation and opposition to former hegemons which takes the general form of *Occidentalism*.

The late 1970s until today has been a period in which class politics was in disarray. This has been a transition to what today has become a major crisis of accumulation in the West and Japan, namely the role of former hegemonic powers in relation to rising hegemonies in East and
South Asia, primarily China and India. This is the period often termed “globalization,” but of the sort that should be seen not an evolutionary stage but as a phase in a longer process that has been analyzed Levy and Duménil(2004, 2011). They point to four major crisis periods since 1890. The first in 1890 and more recently that beginning in 1970 are crises of profitability. The great crisis of 1929-30, as well as that beginning in 2008, are crises of hegemony. This interesting set of pairs represents a more systemic logic as the profitability crises lead to periods of economic liberalization and especially of financialization of the economy which in turn ends with huge crises of financial accumulation and major reconfigurations of world power both economic and political.

Levy and Duménil(2004, 2011) show that hegemonic crises follow the profitability crises after a period of financial expansion. If we add a geographical dimension to this, we can see how a global systemic analysis can link this process to hegemonic shift.

FIGURE 1: Historical logic of two kinds of crisis
Figure 1 shows a single complex set of relations linking the cycle of crisis to the transformation of the global arena. In other words, globalization is an aspect of a broader shift in the global system rather than an evolutionary stage of its own. While it is increasingly clear that massive amounts of capital were transferred to East Asia, it is not the case that in the United States things were also globalizing in the same way. On the contrary, capital accumulation in the US was declining rapidly (see Figure 2). The above model implies that globalization is logically connected to decline in the former hegemon and that that decline takes the form of neoliberalization, financialization and flexibilization. The long cycle of crisis leads from a situation of declining profitability of capital to a crisis of hegemony that is a product of the strategies that necessarily intervene to counteract that decline.
One important lesson that can be drawn from this discussion is that globalization, neoliberalism, and related assemblage terms are not, as we have already suggested, indicators of some kind of general development, a social evolution. On the contrary, they are crisis phenomena typical of end-of-hegemony scenarios.

**Discourses and moralities**

“We need to get people back to what they were doing before and away from finance.”

-discussion of the transformation of industrial companies into financial companies (such as GE), 3 March 2011, NBC squawkbox tv.

The thinking expressed in this quote is indicative of the dislocation of reactions to the crisis. It does not ask why finance became the dominant market operator but instead declares that it was wrong to do X and that we should return to Y without examining the conditions of such a strategy.

My endeavor here is to unearth the logics involved in a number of phenomena that appear as disparate even if simultaneous and which, thus, can easily be subsumed under the sign of *assemblage*, which removes them from the realm of systematic accounts.

If I am an investor, I believe that with the right strategy I will make it in this business.
When the speculative bubble was expanding I was right there making millions at no cost. Every penny of the capital was borrowed. I become used to an expanding market. It can only go up, after all. It is in the nature of things. I cannot understand what happened, not at first. After a time I realize that of course it was all stupid, that I was living in a casino or a pyramid scheme. After all how does the market go up in a bubble, essentially by attracting new buyers who can do it because they have borrowed money. So Madoff is not that different than the other agents on the market. The idea is to keep the high rollers coming no matter what the asset values involved. It would appear that the act of turning money into more money constitutes a world of its own, one that is only related to production in the form of potential stimulus not as a moment within the larger process of economic reproduction. The autonomy of different economic spheres is of course experience near even if a misrepresentation of the economy as a whole. Such representations of the world proliferate in crisis situations proffering the kind of accounts that are fragmentary and susceptible to the language of “assemblages”.

Such interpretations are not just for those who are uninitiated in economic science. Follow the columns of Paul Krugman, who thought that all we needed to do was to bail things out, but that the bailout needed to be much larger and then suddenly he got depressed, depressed about the coming depression and now he says that the real reason for all of this, following Ben Bernake, is that the Chinese hoarded money/assets after their experience of the Asian crash and that since then they have been our major creditors. Thus the real problem was not over spending by Americans but underspending by the Chinese. This statement seems somewhat absurd insofar as it could just as well be applied to the United States in the previous period--as if a zone that had lower consumption costs and therefore lower overall costs of production was somehow behaving
strangely by becoming the major source of consumption goods to an area that lives off astronomical debt levels which maintain the level of production and consumption in the world. And this is certainly not a new phenomenon but for contemporary economics, some history is apparently uninteresting. However, there are plenty of examples of this kind of phenomenon. As Alfonso Nuñez de Castro exclaimed in 1675,

Let London manufacture those fabrics of hers to her hearts content;
Holland her Chambrays; Florence her cloth; the Indies their beaver and vicuna; Milan her brocades; Italy and Flanders their linens, so long as our capital can enjoy them; the only thing it proves is that all nations train journeymen for Madrid and that Madrid is the queen of Parliaments, for all the world serves her and she serves nobody”

(cited in Cippola 1993:186)

And of course some years later a vast economic crisis led to the eclipse of Spanish hegemony, replaced by its ex-periphery, Holland. The American consumer, the world’s consumer of last resort, plays a similar, if magnified, role in the contemporary world economy, propped up by a now failed credit bubble, the backside of Marx’s fictitious capital accumulation. This is no mere assemblage nor a product of neo-liberalism, or of any other singularity in the history of the global system that we inhabit. It is merely the working out of the logic of the system. As Harvey himself admits, neoliberalism, while linked to the names of Hayek and Friedman, is not an imposition of a particular market ideology, but something that became a necessity in the crisis of capital accumulation that afflicted the 1970’s. And the solution has also been interpreted as a
restoration of the power of the capitalist class as well as of their income advantages (Duménil and Lévy 2004), since in the post-war period there was a steady decline in the gini-index income differentials between the wealthiest and poorest segments of the population in most Western countries. Neo-liberalism in this sense is really also a return to the traditional liberal regimes that characterized the imperial centers before the Great Depression. And, if one adds the class conflict implied in this, the current phase can be understood better in cyclical rather than in linear terms. Harvey links globalization and neo-liberalism to the same historical shift cited at the start of this paper. We have argued here that the two phenomena are elements of a single logic of transformation in which the decentralization of production in geographical terms is simultaneously a decentralization/fragmentation of economic activity in organizational terms as well. So the short cycle can be argued to be of more significance than particular schools of economics. It accounts for the statement by Nixon that “we are all Keynesians now” compared to the clearly neo-liberal policies of labor and democratic party heads, Blair and Clinton.

The point is not that the keywords should be eliminated. On the contrary, they refer to tangible realities, but they have no explanatory value. Rather, they ought to be objects of explanation.

The Kafkaesque world of moralization

The arguments that follow concern the embeddedness of discourses, whether practical, political or moral within the category sets within which they are conceived and which make them very much products of that which they seek to criticize.
The economic crisis has led to numerous reactions, a great many of them, moralizing. I use the word morals here in the emic sense only. Whether there is an etic morality is itself questionable if hopeful, but as an anthropologist the only morality that can be studied is really-existing morality. And as our practical life is embedded in our material existences which are themselves constituted within social reproductive processes that are governed by the logic of capitalism, we should expect our moral discourses are generated within the above fields of experience.

If one is a “liberal” then the market is good by definition and the evil in this situation is the product of deviations from true market morality. It is by cheating and pyramid schemes and tricking people into bad loans or tricking banks into the same that one becomes worthy of condemnation. This has produced a flurry of accounts of how X screwed up a perfectly “good” economy, by irresponsible behavior, and whether or not these people should be put in jail or at least relieved of their enormous bonuses and parachutes. Occasionally, as suggested above, it is revealed that the designated evil doers were only doing their jobs, that in a speculative system in which markets have become casinos, a pyramid scheme is not necessarily an anomaly.

For others the evil is capitalism itself and here there are no apparent alternatives nowadays. Attac and alternative globalization movements are primarily Keynesian, as Keynesian as George Soros and the Democratic party at this particular moment, not under Clinton who was a neo-liberal. The resurgence of Keynesianism, clearly reflected in the choice of Krugman for this year’s economy prize, is also the expression moral critique of capitalism. But this is very much expressed in terms of the “excesses” of the economy, capitalism gone wild which leads to chaos and unemployment and impoverishment. So we need more regulation and, of course, the fact
that we need to bail out the bigshots is painful yet necessary. Nationalization is on the agenda, but as a short term solution, in order to wipe out/pay off accumulated “toxic”, dirty, debts. The dirty part of capitalism is here, toxic, impure, understood as clutter in the free flow of capital which since we are all liberals now, is good if not entirely natural. Thus, as is well known, nationalization is not the socialist revolution, as some American conservatives claim, but a necessary intervention to save capitalism itself.

**Mauss and the other morality, as a product of capitalism itself**

There is a more anthropological moralization concerning capitalism, one that opposes it to what was once called “the natural economy” and which is part of a set of schemes based on oppositions of the type:

- primitive/civilized
- pre-capitalist/capitalist
- pre-market/market
- reciprocity/egoism
- holist/individualist
- gift/commodity
- gemeinschaft/gesellschaft

Reference is made here to the work of Mauss (####) and Polanyi (####), to an economic world in which the economic is itself embedded in social relations. This is, of course, a misconstrual insofar as the market economy is itself a socially constructed and politically instituted reality.
The more recent critique is that this dichotomization is itself ideological and a misrepresentation of the de facto mixed nature of all “economies” (Carrier ####). This might well be a case of “occidentalism”, the essentialization of the West even if such dichotomies are always revealing of important issues. *The Great Transformation* is the classic and one of the most sophisticated examples of this dichotomous discourse, and it contains within it the proof that what appears as an external contradiction is also internal to capitalism. This is what he refers to as the *double movement* of the capitalist market, the liberal excesses of accumulation that lead to crises and the need for state regulation to keep the former within the limits necessary for the survival of the population as well as the capitalists. The regulatory tendency is itself a skewed manifestation of the principle of solidarity, expressed in the gift relation in non-market worlds. This is the secret of social democratic ideology in which the function of the state is to insure the social welfare of the population (formerly defined as the working class although this is not an accurate description) by redistributing some of the proceeds of capitalist accumulation. Redistribution is thus a transform of reciprocity in this kind of world. There are interesting variants on this complex of representations and even practices.

The way sovereignty has been debated is a case in point. The transition to the dominance of popular sovereignty as ideology in Europe contained a great deal of what is assumed to be the primitive in some its most extreme forms. The figure of the anti-chief in the work of Clastres is one in which the chief is reduced (this was the point of origin for the latter, however mistaken) to an extension of the sovereign group that he represents. This extension is a radical elimination of the power that is symbolically attributed to his position so that he is reduced to a mere instrument of his constituents. While there are cases of this kind of inversion of power in the ethnographic
and historical literature, Clastres’ argument regarding origins is impossible to maintain. On the contrary anti-chiefs and anti-kings are arguably the products of political-economic declines. However as a logic of relationality it can be seen in a number of “modern” discourses of political power. The strong notion of sovereignty that emerged in the French Revolution is a clear example of this, one that inverted the former relation of royal sovereignty, shifting it downward to a population of subjects, thereby transforming them into a citizenry and the seat political legitimacy and even ultimate power and in this way replacing the absolutist state by a government expressive (in some way) of the will of the people.

This logical transformation contains many of the elements discussed by Clastres (####) in a very different historical context. While there is no implicit reciprocity in this the transformation produces a sense of a solidary WE (that which is the implicit enemy in Appadurai’s (###) discussion of the Fear of Small Numbers is his own fear of Large Numbers) and ultimately a pooling of resources that becomes the core of social democratic welfare ideology. A couple of recent popular books appeared in France with the titles Le capitalisme est-il moral? (Compte-Sponville 2009), or Pour sauver la planète, sortez du capitalisme (Kempf 2009) that join the ranks of critiques of a logic of accumulation in crisis with an ideology that is as old as commercial society.

The argument here is that the moral alternative is embedded within and partly constitutive of the larger structure of modern capitalist society. Dumont clearly understood this kind of ambivalence in structure in which a dominant value encompasses its own opposite. What has become an anthropology of misery, suffering and pain is part of the response to the formerly bright side of the new globalized world, but now under the new sign of neo-liberalism. These
are categorical expressions that are already available within the representational world of capitalism (if it is indeed capitalism that is the core of these phenomena). This may not be the same categorical structure as that invoked by Dumont, but there is a strong overlap. Holistic vs individualist resonates with the opposition between neo-liberal individualism and a certain holism in which the subject is part of a larger collective, now more egalitarian but still encompassed by what Dumont would call individualist values.

**Moral misconstruals**

One often encountered construal in anthropology deals with the confrontation of non-capitalist social orders with a penetrating capitalization process. This is common in the notion that sorcery and witchcraft are somehow ways in which local societies deal with capitalism or more recently with globalization, or even neoliberalism. The simplest kind of argument found in anecdotal examples of the Comaroffs (###) is that globalization implies a flooding of the local market with global goods at the same time as poverty is rampant leading to money magic as an imaginary means of accessing the goods in the absence of incomes, and sorcery as the usual leveling mechanism that accuses those who *have* succeeded in engaging in the dark science including the sacrifice of their relatives. In the ethnography, however, it is not globalization as such that leads to the increase in sorcery accusations and magical practices. It is the crisis in social relations that might, in some cases or even very often, be the consequence of the converse of globalization, i.e. the flight of wealth and of capital leading to the intensification of poverty by marginalization, the increasing impossibility of economically reproducing necessary social relations within and between families. It is true that sorcery has emerged in the past where the
distribution of income has upset power relations, as in the large sorcery epidemics at the end of
the 19th century in which young men employed in the colonial sector began to pay their own
bridewealth thus bypassing the authority of elders and sparking accusations of witchcraft by the
latter. These particular movements were so massive that they did in fact limit the inroads of
commercialization, but this is not a story of a general moral reaction against an entire system.
There is nothing in these movements that contains a critique of wealth or even monetary wealth.
It is, on the contrary, a question of power/control over such wealth and its accumulation.

The latter is an example of what has been expanded into the generalized image of *jihad* vs
MacWorld in which the latter is understood as a moral reaction and even critique of capitalist
society and culture. But if one looks at the actual histories/stories on which Barber’s glitzy book
was based, we find something quite different. There are examples of explicit condemnation of
Western society and especially culture among elites and intellectuals, but the critique is not
founded on the ideals of the Maussian alternative. On the contrary it is based on a different kind
of hierarchical order, more ascriptive in nature, admitting of slavery and of monumentally
unequal distribution of wealth but allocated in a very different way and not accessible to
competition. Its core is a religious discipline founded in doctrines such as *Sharia*, not a model of
sharing, redistribution or reciprocity.

There is a parallel history, of course in the Middle East, of strong tendencies to
commercial capitalist accumulation (where it all began several thousand years ago) and prophetic
critique and even revolt which is important in understanding the current situation, but the content
of this alternative prophetic ideology is not the same as the one produced in capitalism, even if
there are some interesting similarities. And for those who were recruited to the Iranian
revolution, for example, the research of Farhad Koshrokhavar (###) demonstrates that it was the failure of capitalist development (massive dislocation without creating conditions of increasing standards of living) that lay the ground for Islamic revolt, not its success.

**Morality within the system**

We have suggested that the discussion of the social consequences of capitalism are as old as capitalism itself. Much of the discourse is produced from the *alternative* position and includes an array of more or less radical critiques which, we have argued, are generated from within the categories of the capitalist order. However there is a more pedestrian stance which is limited to the morality of particular capitalist actors. It assumes that there are legitimate morally acceptable practices and those which are beyond the threshold of immorality. Thus trickery, stealing, ponzi schemes define the limits of the legitimate. These are often legal limits as well as moral limits. It is even suggested by some that if capitalists were moral there would be no crises. The internal critique posits a set of behavioral rules that are adapted to what is assumed to be a well functioning economy. Selfishness, competition, inequality and the terms usually assumed to be the evils of capitalism seen from the “alternative” position are seen here as normal and as ways of differentiating the successful from the unsuccessful. This interpretation is based of course on a pure market model in which all are equal at the start of the process. This misrepresentation of historical reality is not relevant from the internal perspective, although it sometimes is discussed. Milton Friedman sometimes argued for the establishment of egalitarian initial conditions and, at least in some places, for the continuous maintenance of such conditions. All the specific institutional and other processes that reinforce hierarchy are understood in this
approach as impurities in the system, immoral impurities. There are honest businessmen, just as there are institutions conducive to the maintenance of maximum competition. The internal critique, internal that is to the principled interpretation of capitalism, is focused on corruption and other activities that derail the ideal of economic activity. The Madoff affair is a case in point. Ponzi schemes are considered to be immoral, even if on closer scrutiny the differences between such schemes and the new speculative economy are not as great as might be assumed. Hedge fund activities depend to a large extent on attracting investors, primarily because the “values” in play have nothing to do with the asset values that they supposedly represent. *Casino capitalism* (Strange) is the usual designation for a particular phenomenon which has become generalized in this historical period. But all of this talk about immoral capitalists assumes of course that there is a moral capitalism. The allure of the pyramid scheme is that if one can keep it going indefinitely it offers revenues to all who join, just like any other successful investment. If we have an economy that consists in the sale back and forth of the same piece of real estate at ever higher prices and then to a third party who is the final buyer (sucker) at least for the two actors concerned: Is this immoral? Is the real estate market in general immoral? After all it merely increases monetary values without respect to real costs, i.e. real-value investments.\(^5\) There is that single link, the price of property, no matter what its origins, that distinguishes this activity from the Ponzi scheme in which there is in principle no property involved. From this perspective the difference between a Ponzi scheme and other forms of speculation is more intricate and less obvious than would appear in standard moral reactions. In the liberal scheme of things in which there are only price based transactions there is no fundamental difference between speculation as a general category and what we might call the “necessary” material
processes, translated into costs, of social reproduction. Thus what Marx called fictitious capital in volume III of *Capital* whose accumulation is the final interlude in the cycle of investment, growth and decline is also the principal *operator* of accumulation. It is not the growth of production or services, not the turning of cars into more cars, but the turning of money into more money. The way it occurs is, in fact, secondary, that which permits the expansion of speculative and other forms of fictitious accumulation in periods of real decline.

Since morality is grounded in a vocabulary of values it is important to insist that the discussions of economic value should not become confounded with moral values which are in themselves a suspect, in phrases such as *moral economies*, in the search for new keywords. The notion of value in marxist analysis has itself gone through so many mills that it is not always easy to understand the basic premises of the arguments, but I offer a simple suggestion.

Price and value are not the same and need not even be related in the sense of *linked*. What a commodity fetches in the market is not based on mechanisms related to value in the Marxist sense. The latter refers to the “social cost” of reproduction which is different than market value simply because it is arrived at by a different kind of calculation (see below). The capitalist, as all commercial systems, is based on price or market value alone. Value enters in a partial way, first as a limiting factor and second as an issue of direct cost as it is filtered through the reproductive process. Prices have a lower limit which is based on costs of production, but costs of production in terms of price. This is an effect of real value but not value in itself. Value in itself is simply a measure of the real social costs of reproduction of a population, costs that would have to be calculated in terms of real expenditures of energy in different activities. This is not about subsistence (which refers to a particular level of reproduction) of course but about *social*
reproduction in general. These costs are distributed among the various economic activities that are part of the reproductive process. The speculator is not part of this in Marx’s analysis since speculation is “unnecessary” for the reproductive process, although part of the logic of the system.

Here is the crucial problem with the value theory and it can and has been dealt with in many ways, never with any success. It can be seen in terms of added costs of reproduction that could be eliminated without any deleterious effect (on the contrary), but it need not be dealt with in moral terms. That is fictitious capital is capital that redirects income to the holders of such capital, but this is not wealth creating in the sense of production and services that enhance the reproductive process. And in crises it suddenly is experienced directly. The popular reaction to the Madoff phenomenon is a reflection of this. Who needs speculation, who needs the simple relation M-M’?

Fictitious accumulation is immoral accumulation, and here is where the internal critique overlaps with the external critique. One reason for this is that its net effect is the transfer of a portion of the total wealth alone rather than the increase in that wealth. The Marxist morality is simply that the worst kind of accumulation is the fictitious sort. It is associated with the general term “speculation” which is a legal if immoral form of economic activity. And here the Marxist joins the liberal and even the conservative. Regulation is moral and needs to be imposed after the past twenty years of evil profiteering. However, for the Marxist who maintains a position as external critic, the immoral aspect of capitalism is not reparable from within the system as it is for the new/old moral Keynesians. The same kind of moral politics has occurred several times in the recent past. Since the US began exporting a major portion of its productive capital in the 70's
and 80's there has developed a constant critique of the “export of jobs” to other parts of the world where costs are so much cheaper. The unions have been the mouthpieces of much of this critique before they were themselves pressured into disintegration by the self-same processes that were subsequently supplemented by the import of cheap non-union labor. This was also moral critique that was voiced from within the system where it ought to be possible to solve the problem by simply stopping it or by raising the world’s average wages to that of the US. A systemic analysis, again, would claim that this is not a mere mistake that can be corrected by equalizing global wage levels, but an instrumental aspect of the survival of capital. And it is not a product of the market itself which might, theoretically, lead to such equalization, but a political-historical reality that frames the context of capital accumulation on a world scale.\textsuperscript{vi}

The argument that runs through this discussion is that moral representations are based in the same categories that constitute the social order more generally. This accounts for the similarity of so-called “external” moral critiques and internal critiques. This is the kafkaesque nature of representation, interpretation and practice with respect to “the economy” that makes it the proper domain of anthropological analysis. I am not making a mechanical Durkheimian argument here, since I do not argue for a reflexive/causal relation between the social order and its forms of representation. Rather, as Lévi-Strauss argued in a different context, there is an enormous creativity involved in reacting/interpreting/acting which produces a plethora of variations that are grounded in a set of invariants, what he called the “social armature”. This is clearly more deterministic than, say, Actor-Network theory or rational actor theory since it never posits anything like an autonomous subject, not even when the subject is an individual. Nor is it simply the more Freudian statement “that man has free will but the will is not free” although this
is also largely true. It is, instead, a situation in which intentionality is not its own source in terms of content. In crises like the present it becomes even clearer to what extent our reflections on reality are not autonomous even if our immediate experience might have us believe so. The Kafkaesque refers to the blindness of action with respect to its own conditions of existence. Or, as Lewis Caroll put it, in a different context, “when you don’t know you’re going, every road takes you there” (Alice in Wonderland).

**Conclusion**

We have suggested that the morality related to capitalism as a system is already embedded within that system or, better, its set of logics. Thus, the immorality of capital accumulation stems from greed associated with the rationality of accumulation (although this is a greed by implication, i.e. capitalists can be very generous outside of their necessary activity of accumulation). This kind of critique, that of Mauss and Polanyi, is not a critique of capitalists but of the logic of capitalism itself. The two should not be confounded. The behavior of capitalist actors is part of the rationality of the system and it is a necessary characteristic of success or even survival within that system. On the edge of this position are works such as the recent *Free Fall* by Joseph Steiglitz, who criticizes the Obama administration for having continued to let the financial sector run wild. He does not ask why it happens but takes an essentially normative stance in which run-away financialization as such is understood as an error with evil connotations: We have to stop the bad guys, the evil doers whose own greed is deleterious to the (good) market system.
The moral judgments concerning the capitalist market or system are of the following sorts which correspond to the different levels of the system itself:

a. The greed of certain capitalists, their cheating of others especially in the financial sector. Market system is fine but certain of its actors have ruined it for the rest of us.

b. The immorality of financial speculation itself as undermining the market system. This is a systemic problem that requires regulation so that “main street” is not undermined by Wall Street.

c. The major problem of today is neo-liberalism and/or neo-liberal globalization which has via deregulation enabled maximum profit taking at the expense of ordinary people, but also the extremes of exploitation that result from post-fordist methods of production. It is neo-liberalism that is the problem not capitalism itself which is often not mentioned or if mentioned is referred to as a regulated fordist capitalism of the previous period.

d. There is also a more general distinction to be found in the work of Braudel (1979), between the market and capitalism. For the latter the market was a zone of small scale trade and relatively limited profits over medium distances in which single or small scale entrepreneurs dominated a relatively transparent process. Capitalism, in contrast was almost opposed to the market since it consisted of monopolies in long distance trade in which large amount of capital were needed as well as an alliance with the state. Capitalism is thus opaque with respect to the populations on which it feeds and quite opposed to market principles as well. The
market (the pure market) is only approximated in small scale producer society in which the profits of trade do not exceed wages by a great margin. While there is no necessary morality in this, Braudel implicitly and sometimes explicitly saw the market as liberating and progressive while capitalism was a colossus based on autocratic power, an alliance of massive wealth and the state. (Wallerstein 1991) e. Finally, for Mauss and others, the root of the problem is the market system itself since it promotes selfishness that does not lead to the highest good for all but to maximum inequality. It is, thus, basically an immoral system and opposed to one based on true reciprocity.

The moral reactions span a gamut from individual accusation to a general critique of the system couched in moral terms, even if based on the supposed consequences of the system which are deemed to be evil. And the evil is paramount even at the systemic level. It is greed, opposed to generosity and reciprocity. The lines of division of course vary both with scale and with the way the situation is defined. Thus, while for Mauss it is the market itself, for Braudel the market as a small scale network of trade is still on the side of social security and the real evil is the loss of control over their conditions of existence due to the encroachment of large scale capitalism (which is what capitalism is for Braudel).

The reality of global process, best revealed in crisis periods when one can clearly see the contradictory tendencies involved, generates interpretations that are quite critical but still rooted in the properties of the world that is critiqued. This produces the Kafka effect that structures much of the moral discourse that arises in response to the crisis. Now it might be objected that my own analysis is also embedded in these categories, and this might indeed be the case.
However, I have not argued that the relation is deterministic even if there are tendencies (which is why I can feel sympathy for the witch-hunting even if I disagree with the interpretation). To not fall victim the tendencies one has be maintain a self-reflexive position that allows one to distance oneself from the larger phenomenon. This is the added value of anthropology, which has such a distancing as its basic methodology. But it is never a sure-fire methodology, especially when dealing with ones’ own experiential world, so I proffer this all as hypothesis to maintain an open minded sanity.
ENDNOTES

1 Krugman was awarded the Nobel memorial prize from the Swedish Central Bank. This is often termed the Nobel Prize of Economics, although it is not a Nobel Prize proper.

2 The liberalism of the 19th and early 20th centuries is just as “neo-liberal” as that of the 21st, and it occurs with or without tendencies to flexibilization, which was of course prominent before the success of the union movements.

3 This argument has been made before regarding the Amazon and Africa (Friedman 1979, Egholm Friedman and Friedman 1980, Egholm Friedman, 1984)

4 It is interesting to consider Braudel’s distinction between market and capitalism which for the latter was not a mere mechanism of exchange of goods and services but an articulation of state and capital in a large scale process predation in which while there are indeed markets, they are only part of a larger process of expansion of wealth which was essentially an opaque secretive “anti-market” ruled by powerful elites. See Civilisation materielle, Economie et Capitalisme, XVIIe-XVIIIe Siecle [Paris, 1979]

5 My usage of “real” is, of course, contestable, but I think defensible in terms of the preceding discussion.

vi What Braudel, as we saw, understood as the distinguishing characteristic of capitalism as opposed to markets.
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