

Chapter 13

Pathologies of markets and states

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In what follows I want to ask: when markets do harm, what distinctive harms do they do? And, similarly, when states do harm, what distinctive harms do they do? In asking these questions, I am not interested in market or state failure, but in the harms which, when they occur, are consequent upon their success. That is, I will not be concerned with what economists call market failure and political scientists call weak or failed states, but rather with what harms can be attributed to markets and states when they function as their advocates recommend – when they function well in the ways that they are supposed to function. So I shall have little to say about the well-known virtues of market exchange and state planning, but focus instead on the evils or undesirable or unacceptable consequences that have been held to result from the successful functioning of these twin and often contrasted modes of coordination and allocation. Quite often, these are not only contrasted but also seen as alternatives. The strongest version of this thought is that they are to be seen as mutually exclusive and even jointly exhaustive modes. Fundamentalists on either side of the debate claim that the one is the panacea for all the ills caused by the other. In recent times, market fundamentalists have been in the ascendant, advocating the encroachment of the market in successive and hitherto market-free spheres of social activity. In previous times, advocates of state planning sought severely to restrict, or even eventually to abolish, market exchange. Those less extreme advocate various forms of mixed economy, differently configured combinations of market exchange and state planning. I shall conclude by questioning two assumptions very commonly made: that the defects of each are genuinely *distinctive* of markets and states respectively; and consequently that each is best

thought of as always the appropriate remedy for the defects of the other.

First, some definitional ground-clearing. Of course, there are many different kinds of markets, but for shorthand I shall here refer to 'the market' to mean a process by which the buyers and sellers of a good interact to determine its price and quantity. Marketing is trading through enforceable contracts where, unlike gift giving, the giving is conditional upon payment in return: in markets the operating rule is *quid pro quo*. And, following Max Weber, I shall take 'the state' to mean 'a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory' (Weber 1948: 78), and add the need for a legitimating constitution (formal or informal) and a minimum range of legitimated and functioning institutions.

Market failure occurs when reality fails to live up to theoretical requirements. Real markets fail because they are imperfect: they fail to exhibit the idealized conditions under which they would otherwise succeed. When economists apply their theory to real-world markets, it soon becomes evident that the typical causes of market failure – negative externalities, asymmetrical information, natural monopolies and monopoly power in general, non-zero transaction costs, economies of scale, outright coercion and social norms incompatible with efficiency – are widely prevalent. One response on the part of pro-market economists is 'to present the reality of imperfect competition as coming close to the ideal of allocative efficiency and all-round welfare maximization' (Hirschman 1986: 123), sometimes with greater, sometimes with lesser plausibility. Another response, ever more significant at the present time, is for market actors and policymakers to transform that reality by *marketizing* it, by converting areas of social life that are insufficiently marketized into markets or pseudo-markets. Marketization means reconfiguring goods and services so that they can be priced and sold, inducing people to want to buy them and redirecting the motivation of workers who produce or provide them from collective aims and a service ethic to profit seeking and market discipline.

State failure results from inadequate institutional capacity. Typically, this is the problem of industrializing states: the problem of inadequate fiscal capacity needed for funding development projects, and of inadequate capacity to coordinate the investment strategies of firms, to monitor their performance and ensure their compliance, and to acquire, process and apply the information required to perform these functions. The prerequisites for avoiding such failure are a rational, well-oiled bureaucracy, a central coordinating agency with real authority and a high degree of embeddedness in the economy, with dense ties to

the industrial sector (see Chibber 2003). These are the problems of industrializing states, but we need to consider state failure in advanced industrialized states. There the problem is not inadequate but *inhibited* state capacity that results from the implementation of currently prevalent beliefs – that the state, whether in practice or in principle, lacks the capacity for planning the economy and other areas of social life, and that the market should replace it, or, more simply, that those from the business world always know and do better than state bureaucrats.

The virtues of the market system have been proclaimed for some three centuries, beginning with French and Scottish Enlightenment thinkers. The French deemed it socially beneficent, writing of *le doux commerce*. According to Montesquieu, 'wherever manners are gentle there is commerce; and wherever there is commerce, manners are gentle' (Montesquieu 1748: 8). Condorcet wrote of 'the spirit of commerce and industry, those enemies of the violence and turmoil which cause wealth to flee' (Condorcet 1795: 238), and Voltaire praised the London Stock Exchange as a place where 'you will see representatives from all nations gathered together for the utility of men. Here Jew, Mohammedan and Christian deal with each other as though they were all of the same faith, and only apply the word infidel to people who go bankrupt' (Voltaire 1733: 41). As for the Scots, David Hume was praised by Adam Smith for showing in his *History of England* how commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, to succeed a previous continual state of war and hierarchical dependency. And it was, of course, Smith who developed the classical economic defence of the market: the market system accounted for 'the wealth of nations', maximizing allocative efficiency through mutual adjustment rendering incentives compatible, and, as wants multiply, enabling self-sustained growth and development.

In general, we can say that the case for the market's beneficence, as it stands today, is partly economic and partly social and political. On the one hand, markets coordinate economic activity, by communicating through prices information unavailable through any other mechanism, and provide incentives for people to train themselves and to innovate. In consequence, markets exhibit dynamism, the capacity for innovation and long-term growth. And markets are, under ideal conditions (which, as indicated, mostly do not exist), Pareto-efficient, leading to an equilibrium in which no one can be better off over time without

someone else becoming worse off. On the other hand, again ideally, they secure liberty, enabling autonomous preference-formation on the basis of adequate knowledge, and voluntary exchange expressing consent and cooperation in the face of divergent values. And they promote certain kinds of equality, enabling unforeseen relations between strangers and dissolving hierarchies, with a formal right of exit.

So what harms do markets do? Here we need to go back to the nineteenth century and the heritage of German romanticism. Deploring 'the brutish godforgetting Profit-and-Loss Philosophy', Carlyle protested that 'Cash-payment is not the sole nexus of man with man' (Carlyle (1977 [1843]): 187). Five years later Marx and Engels took up the very phrase in *The Communist Manifesto*, writing that, as 'the constantly expanding market' spreads over the surface of the globe, pitilessly tearing 'asunder' the motley feudal ties that bound man to his 'natural superiors', all that survives is 'callous "cash payment"': men are drowned in the 'icy waters of egotistical calculation' (Marx and Engels 1848: 51–3). Neo-Marxists, such as Lukács, developed this theme, writing of commodity fetishism and reification and the Frankfurt School of the colonization of the life-world, but critiques of the market extend across the left-right spectrum and beyond. Policy-oriented social democrats like Richard Titmuss (Titmuss 1970) and cooperative socialists like Marcel Mauss (1925) speak of the market driving out altruism and reciprocity. Communitarians speak of 'the morality of the bazaar' (Walzer 1983: 109) and republicans of the erosion of public institutions and the corrosion of civic virtues. Feminists see the market in gestational surrogacy as degrading to women and argue about whether prostitution oppresses and entraps women or expresses their economic freedom. Tradition-minded right-wingers resent the way in which markets disrupt hierarchies and anti-immigration movements oppose open labour markets. And beyond the left-right continuum, supporters of green politics defend protecting the environment against the anthropocentric view of well-being as maximizing, through markets, merely human preference satisfaction.

I suggest that there are basically three broadly plausible ways of viewing markets as harmful – and that the first, on inspection, mostly dissolves into the second and third. The first is summed up by the term *commodification* – a highly normative notion. As generally used, to commodify something or someone is to treat as a commodity what should not be so treated. Let us look more closely at what this can mean.

Margaret Radin has most helpfully dissected the notion of commodification into four component processes. Goods or services are, she suggests, commodified when they exhibit the following features:

- 1 *objectification*: treating persons and things instrumentally, as manipulable at will
- 2 *fungibility*: when they are fully interchangeable with no effect on their value to the holder
- 3 *commensurability*: when their values can be arrayed as a function of one continuous variable or can be linearly ranked
- 4 *money equivalence*: where the continuous variable in terms of which they can be ranked is monetary value (Radin 1996: 118).

When all of these features are present, commodification is fully at work. So what is the harm that is held to flow from them? I suggest the answer is twofold. First, certain goods and services are said to be debased or distorted by being commodified, that is, treated as marketable. Call this the *corruption argument*. By 'corruption', I mean to adduce the idea of *pathology*: the thought that the impact of the market is to impair or degrade otherwise well-functioning and potentially flourishing activities and relationships. So, for example, in his book *Everything for Sale*, Robert Kuttner writes that 'advertiser dominance debases journalism into entertainment', that religious and then secular holidays have been 'debased into three-day shopping weekends', and that making 'free libraries more market-like would destroy their essence' (Kuttner 1997: 57, 58, 63). But, second, the corruption can spread: once the process begins in respect of one such good, others are infected and the contamination spreads, across persons and across goods. Call this the *contamination argument*. So Richard Titmuss argues for both corruption and contamination, claiming that selling blood crowds out altruism, diminishing the scope for giving it and also other worthwhile things in society. As he famously put it, 'private market systems in the United States and other countries ... deprive men of their freedom to choose to give or not to give'; the commercialization of blood has the effect of 'discouraging and downgrading the voluntary principle. Both the sense of community and the expression of altruism are being silenced' (Titmuss 1970: 239, 157). And Margaret Radin speculates that full and open commodification of sexual services (advertised, for instance, as automobiles are) would 'be reflected in everyone's discourse about sex, and in particular about women's sexuality' and with this 'would come a change in everyone's experience, because experience is discourse-dependent' (Radin 1996: 133).

To some ears, there is more than a hint of paternalism, primness, prissiness, cultural elitism or else communitarian nostalgia about such arguments, so here is a more robust claim. I refer to the economist William Baumol's idea that there are services 'in which the human touch is crucial, and are thus resistant to labour productivity growth':

they resist standardization because 'treatment must be tailored to the individual case', and 'quality is, or is at least believed to be, inescapably correlated with the amount of human labour devoted to their production' (Baumol 1997: 513). Baumol's original examples were the performing arts but he then extended them to other services, such as teaching, doctoring and policing. But, as Colin Leys has argued, Baumol

underestimated the constant resourcefulness that capital displays in its efforts to resolve the problems it confronts – including its ability to wean consumers from services on to consuming material goods and providing the labour component themselves [and] finally, consigning any small residue to 'high-end' markets, or leaving them to (increasingly beleaguered) state provision (Leys 2001: 94, 95).

The question is: what exactly is objectionable here? In Britain the commodification of medical services has involved the splitting up of different services, not all of which are Baumol-like in resisting productivity increases, while enlisting patients in the provision of the service is not obviously a bad idea. On the other hand, the growing consumption of drugs and painkillers, the speeding-up of the examination of patients and the very fragmentation of services points in the other direction. More generally, the very idea of *care* (as in health care and childcare) implies uninhibited responsiveness and flexibility, and that is precisely what is threatened by the demand for efficiency and contractual arrangements. But note that these are not unique to the market; both profit-driven markets and taxpayer-driven bureaucracies impose these managerial constraints on care-giving – a point to which I will return.

The central thought behind the corruption and contagion arguments is that certain goods and services are too morally important to be bought and sold. Michael Sandel writes that in 'the cases of surrogacy, baby-selling, and sperm-selling, the ideals at stake are bound up with the meaning of motherhood, fatherhood and the nurturing of children' (Sandel 1998: 125). Elizabeth Anderson suggests that market allocation is only suitable for 'pure economic goods' that are merely means to other individual ends and are 'traded with equanimity for any other commodity at some price' and that it is inappropriate for goods that are 'higher, personal or shared' (Anderson 1995: 143–7). So, recalling Radin's component elements of commodification, we deny or neglect the meaning of such goods by treating them as objects, as exchangeable, as commensurable and as having prices.

Is this convincing? Is Titmuss right that selling blood crowds out altruism or was Kenneth Arrow right in criticizing him for failing to provide either a theoretical analysis of why it should or any real evidence that it does? (Arrow 1972). Is Radin right that commodifying sex changes everyone's experience or is Ann Lucas right that

Both reasoning and evidence suggest that commodified and noncommodified sexuality coexist without diminishing human flourishing. Indeed this diversity and coexistence may actually enhance flourishing in other areas of life? (Lucas 2005: 264).

Do not people endlessly contain contradictions and exhibit ambivalence? Is it really true that treating others as means to individual ends and seeing the world in impersonal and quantifiable terms are incompatible with altruism, reciprocity and the realization of values that are 'higher, personal and shared'? Mary Douglas has persuasively argued that goods are to be seen as 'ritual adjuncts' and their consumption as a 'ritual activity' which uses goods to make 'firm and visible a particular set of judgments in the fluid process of classifying persons and events' (Douglas 1979: 45).

Are there not many contexts in which instrumental relationships and seeing the world in anonymous and commensurable terms is much to be valued, indeed an essential precondition for, and counterpoint to, mutual relationships in more intimate settings? Moreover, this very opposition between the market and intimate settings can be questioned, as Williams and Zelizer do when they write that 'what appear to be self-contained market transactions always involve meaningful, negotiated interpersonal relations, such as transfers of money, that, far from predetermining an impersonal gray quality to the social relations involved, instead take their meaning from the interpersonal setting in which they occur' (Williams and Zelizer 2005: 368). Is it even obvious that treating people as objects and as a means to some end is always a bad idea? (Kant's famous categorical imperative enjoins us to treat persons *never simply* as a means.) Surely it must depend on the end and on who is doing what in pursuing it. According to his biographer, Beethoven was 'filled with a deep conviction as to the significance of his work and his art' and in 1801 he referred to two of his friends as 'merely instruments on which to play when I feel inclined ... I value them merely for what they do for me' (Solomon: 1977: 86). As for commensurability and pricing, why assume that we cannot both know the price of something and that it is priceless? I believe we do this all the time. We adhere to the Christian and Kantian idea that the individual is sacred, while we make insurance decisions and pay

medical administrators and planners to allocate resources and plan the siting of roads and airports on the basis that all the options involve the statistical certainty of a certain number of deaths and injuries that we expect to be costed on a rational and systematic basis that puts a (regularly updated and commercially based) value on human lives.

Marketing and marketizing goods and services do in some cases distort or debase their nature (for instance, in the contracting out of hospital services, from nursing to cleaning), and the harm may be amplified through contagion (throughout the health-care system and beyond). But I believe that when we think of markets as harmful we mainly have either of two further major concerns in mind and that much of the animus against corruption and contagion really focuses on these.

The first of these concerns is with *inequality*. Markets reproduce and amplify inequalities of class, gender and race. How many people would sell their kidneys and how many women would sell their reproductive capacity under conditions of greater equality of condition? (Is the case against prostitution parallel? Is the primary objection commodification or inequality?) The inequality worry is essentially the thought that in real-world markets sellers are pressured into selling and buyers are unable to afford the good things of life – leading at the extreme to what Walzer calls 'desperate exchanges' (Walzer 1983: 121). In the transnational market for organs, kidneys sell for \$10,000 to \$15,000 in Egypt and for \$1,500 in India, where a cornea fetches \$4,000; and in the baby market black babies cost less than white babies (Williams and Zelizer 372).

The general point here is that markets reproduce pre-existing unequal distributions of assets – capital assets and the rights to these, and personal assets, such as brain, brawn and education, across individuals, classes, regions and countries. They also generate inequalities of income and status because markets as such entail insecurity and risk. As Lindblom writes,

Employed today, one may lose one's job tomorrow, shortly then lose one's savings, home and even status in the community. Business fluctuation, recession, and depression evict people from their jobs and cut off their claims to income from their labour. Illness and temporary disability put a stop to one's market claims, and old age often promises a termination to all market claims (Lindblom 2001: 121).

Neo-liberals put their faith in private ownership of all assets, unfettered markets and minimal redistribution through taxation. Their goal is

efficiency, not equality, and at best relieving extreme poverty, relying on market mechanisms to alleviate this and negative externalities, such as pollution. Socialists have sought both to equalize the pre-existing inequalities of assets and property rights and to provide social security and redistribution through the welfare system and taxation. Social democrats have focused exclusively on the latter, leaving the ownership of capital private and very unequal. In Scandinavia and elsewhere, they have achieved dramatic successes which survive. One big question is whether this success requires citizen homogeneity as its precondition.

Which leads me to the other major way in which markets are harmful: namely, that, when unchecked, they undermine the bases of *citizenship*. T.H. Marshall's story of the cumulative development of citizens' rights from civic through political to social rights (Marshall 1950) culminated in the stabilization of a significant range of these in various European welfare regimes after the Second World War: the universal provision of education to ever higher levels; health care; financial support in case of unemployment, injury, ill-health and old age, and, in some fortunate places, housing, legal aid, citizens' advice, access to public spaces, public libraries and so on (see Crouch 2003). These can all be seen as supplying the preconditions for core citizenship by enabling citizens to acquire and maintain the capacities needed for its equal exercise. In these ways, the market's reach was resisted by an ethos, whether based on social democratic or Christian ideals of welfare, publicly funded and publicly provided. But in the 1970s, the mid-century citizenship package started to unravel as capitalist firms have resorted to the service sector in pursuit of profit. With the worldwide spread of neo-liberal ideology, abetted by governments of the centre-left in pursuit of economic efficiency, health services, education, public utilities, transport and broadcasting have been opened up to marketization and privatization. So what harms can be attributed to these invasions by the market of the domain of citizenship?

Two are worth stressing here. One is the severing of the link between representative (national or local) and citizen and elector (who becomes a customer and consumer). Marketization and public-private partnerships enable politicians to divest themselves of responsibility and, crucially, of accountability for the provision of public services. The government contracts with the supplier, but citizens can no longer hold their representatives accountable for service delivery, which is rendered faceless by being consigned to the anonymous forces of the market. Meanwhile governmental agencies, such as local education offices in the UK and the Federal Emergency Management Association in the USA become hollowed out and marginalized. The other harm concerns not merely the preconditions of citizenship but those of *good*

citizenship – namely, the services that generate and sustain people's capacity to function as good citizens. There is no reason to think that these will be provided by market forces alone to a sufficient extent and in adequate breadth and depth. In particular, when markets invade the spheres of educational provision and public broadcasting, some of the capacities – notably the cognitive capacity to process information and achieve a rational understanding of one's world – are, to say the least, not encouraged. Public broadcasting is a crucial and endangered area here. The point goes far beyond Kuttner's complaint that advertising debases journalism into mere entertainment. It is that, as US experience abundantly shows, where public broadcasting is only marginally present in a predominantly commercial environment, there are no countervailing mechanisms to resist the descent into trivialization and fragmentation. That is why the glorious BBC is the citadel to be defended to the last against market forces, and not just for the sake of British citizens. Just compare the state of radio in the USA and Britain. Moreover, in a market environment, truthfulness is not at a premium. If consumers do not value truth very much, market competition will tend to ensure that they do not get very much of it as compared with other goods they do value. In general, market dominance means subservience to corporate media power and (as we have seen in the context of the Iraq war) to the dictates of the White House and the Pentagon.

II

States are the source of citizenship and the natural framework of the public sphere, but they are also collective actors. So, when they act, what harm do they do? The best-known answer to this constitutes one of the pillars of neo-liberal ideology and is of Austrian provenance. It says: 'Beware the state as an agency of central planning, above all when in pursuit of social justice!' The arguments for this view of the interventionist state's maleficence were formulated by von Mises and developed by Hayek. The Hayek version (which achieved fame in his book *The Road to Serfdom*) was formulated in the 1930s in answer to Beveridge's and Mannheim's arguments that fascism is a natural outgrowth of capitalism and that only through planning could totalitarianism of the Left or the Right be avoided. In 1939, Hayek asked:

Is it a mere accident that the continuous expansion of the powers of the state, which they had welcomed as an instrument to bring about greater social justice, has in so many countries brought the

disappearance of all personal freedom and the end of all justice? (Hayek 1997 [1939]: 190; see Caldwell 2004).

He obviously thought it was no accident: a state engaged in central planning and redistribution was *necessarily* the enemy of freedom and justice. Hayek's key and best argument was epistemic and amounted to an impossibility theorem. For Hayek, the fundamental economic problem was

the fact that the knowledge of the circumstances of which we must make use never exists in concentrated or integrated form but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess ... It is rather a problem of how to secure the best use of the resources known to any of the members of society, for ends whose relative importance only those individuals know. Or, to put it briefly, it is a problem of the utilization of knowledge which is not given to anyone in its totality (Hayek 1945: 77–8).

The argument is against the very possibility of 'social engineering':

[n]either the 'available' resources nor the 'existing' needs are objective facts in the sense of those with which the engineer deals in his limited field; they can never be known in all relevant detail to a single planning body (Hayek 1952: 176).

A central authority can only rely on statistical aggregates, which 'are always arrived at by a deliberate disregard of the peculiar circumstances of time and place' (Hayek 1952: 176). And Hayek concluded that a 'successful solution' can only be based on 'a method of utilizing the knowledge dispersed among all members of society, knowledge of which in any particular instance the central authority will know neither who possesses it nor whether it exists at all' (Hayek 1952: 176). This can only be done through 'some mechanism which will delegate the particular decisions to those who possess it, and for that purpose supply them with such information about the general situation as will enable them to make the best use of the particular circumstances of which only they know' (Hayek 1952: 172). That mechanism, unsurprisingly, is the market.

From this argument, Hayek drew wildly extravagant conclusions, employing what Albert Hirschman calls 'the rhetoric of reaction' (Hirschman 1991). Start central planning and redistributing income in pursuit of 'the mirage' of social justice anywhere and you are on the

slippery slope to full-scale disaster, imposing one group's values on all and breaking the fetters of democratic procedure. Moreover, whatever you do will be massively counterproductive. It will also be futile. It will also, in the name of advancing equality, destroy your citizens' liberty. Hayek assumed that the 'competitive market' is the 'natural spontaneous order' of human society. He has nothing to say about the realities of monopolistic and oligopolistic markets and of massive corporate power. And yet Hayek, who after all won the socialist calculation debate, was right about the indispensability of market signals for the relaying of inherently dispersed and local knowledge, and he was right about the limits that this knowledge, embodied in local practices, sets to projects of state-led social engineering.

This last theme has been graphically portrayed in James Scott's book, *Seeing Like a State* (Scott 1998), which explores the ways in which modern state-led projects of social engineering extinguish practical knowledge that is local, dispersed and contextually specific. In fact, Scott scarcely refers to Hayek and his inspiration is anarchist and not market-liberal. Where Hayek offers a deductive argument, concerning the indispensability of the market for the provision of knowledge, Scott's work exemplifies and illustrates a hypothesis. Unlike Hayek, he does not offer an impossibility thesis but rather three compelling case studies of successful state enterprises that are human disasters: the designing, planning and building of Brasilia, Soviet collectivization and compulsory villagization in Tanzania – three 'extreme instances of massive, state-imposed social engineering'. His claim is that they exemplify 'high modernist faith', found 'among those who wanted to use state power to bring about huge utopian changes in people's work habits, living patterns, moral conduct and worldview' – a faith typical of 'planners, engineers, architects, scientists and technicians'. Their projects prevail under certain conditions: when

the legibility of a society provides the capacity for large-scale social engineering, high-modernist ideology provides the desire, the authoritarian state provides the determination to act on that desire, and an incapacitated civil society provides the leveled social terrain on which to build (Scott 1998: 5).

Scott's three cases illustrate that the

necessarily thin, schematic model of social organization and production animating the planning was inadequate as a set of instructions for creating a successful social order. By themselves

the simplified rules can never generate a functioning community, city or economy. Formal order, to be more explicit, is always and to some considerable degree parasitic on informal processes which the formal scheme does not recognize, without which it could not exist, and which it alone cannot create or maintain (Scott 1998: 310).

Scott thinks of these processes (rather in the spirit of Michael Oakeshott) as *practical knowledge* – a wide array of practical skills and acquired intelligence in responding to a constantly changing natural and human environment – local, situated knowledge which contrasts with the central state's necessarily crude general understandings.

Scott attributes three distinct but related harms to the state's lack of local, practical knowledge. First, it leads to mistaken policies, ranging from blunders to catastrophic errors – mistaken calculations of demand, misallocation of resources and people, suboptimal or counterproductive policy choices, failures to perceive and seize opportunities, and so on. All this, of course, was central to the Austrians' concerns and fully illustrated in the record of economic policies under actually existing socialism. Second, it leads to bureaucratic rigidity, unresponsive to local conditions and the particular needs of individuals and groups, to inflexible laws and rules, suppressing diversity and exhibiting the logic of uniformity and regimentation. (So Scott sides with Jane Jacobs against Le Corbusier and with Aleksandra Kollontai against Lenin. His book juxtaposes images of homely-looking, higgledy-piggledy townscapes and quaint old maps with those of lonely inhuman streets and squares and austere geometric plans.) And third, the state's lack of local knowledge systematically distorts people's lives by imposing technocratic dreams upon them, irrespective of their own dreams and values. As Scott puts it, his case is that 'certain kinds of states, driven by utopian plans and an authoritarian disregard for the values, desires and objections of their subjects are indeed a moral threat to human well-being' (Scott 1998: 7).

Like Hayek, Scott exaggerates and he focuses on extreme, worst-case scenarios of state planning (Yes, Brasilia, but what about St Petersburg and Haussmann's Paris? What about the New Deal, Scandinavian social democracy, the US interstate highway system, public health successes such as the eradication of yellow fever, cholera and polio? See Sunstein 1998.) Yet he suggests (and certainly his title suggests) that all states are disposed to 'seeing like a state' and thereby threaten the indicated harms to human well-being.

III

I now want to conclude with two observations about the respective pathologies of the market and the state.

First, the harms each has been held to cause are not distinctive of either. So market actors can certainly see like a state and states can commodify and behave or seek to behave like market actors. Corporations employ ever more sophisticated ways of rendering their markets and potential markets 'legible' and of monitoring their own operations, and they certainly exhibit the logic of uniformity and regimentation. Here are two examples. In its relentless pursuit of low prices, Wal-Mart has become 'arguably the world's most important privately controlled economic institution': its 'scale allows it to constantly and quickly extend the area it controls deeper into the factories and offices and decisions of the chain of companies that feed it, across new lines of business, and across wider and wider geographies' (Fishman 2006: 20). Wal-Mart is increasingly in control of its own ecosystem. Moreover, it 'keeps track of the number of items per hour each of its checkouts scans at every cash register, at every store, in every state, for every shift as a means of measuring their productivity' and 'measures sales per running foot of shelf space for every item and category to make sure stores and individual products are productive and to compare their profitability' (Fishman 2006: 12–13). As it swallows up competing retailers and dragoons its suppliers, its impact on local practices and the knowledge they embody is notorious: its arrival in small towns coincides with a swath of destruction of local retail businesses, while its car parks swallow up the landscape. And a second example: giant pharmaceutical companies are increasingly adept at monitoring and, in turn, influencing the prescribing practices of doctors. In both cases, demand is investigated, monitored and shaped, on a global scale and in ever greater depth (Lakoff 2005). And, as these two examples show, the seeing like a state is intimately bound up with commodification – with instrumental relationships (not least in Wal-Mart's management practices), with measurement and with pricing.

Conversely, since Max Weber, it is surely not news that such practices, typical of bureaucracies, are characteristic of the way states behave, and all the more so these days, under the pressures of auditing and cost-cutting in the context of globalized market conditions. Consider the ways this works, for example, in the assessment of teaching and research in public educational institutions funded by the state (and it is curious that in the real academic market, in the USA, the commodification – at least the obsession with quantitative measurement of productivity and rewarding it with money – is significantly less developed, although

it is on the way). Moreover, states are, more and more, behaving as market actors, as partners of market actors and as seeking to simulate real markets in the absence of private ownership and even private provision, as when public authorities seek to allocate collectively owned resources by market pricing (as Colin Crouch suggests (Crouch 2003), these should perhaps be better described as cases of oligopolistic providers making deals with monopsonist customers).

What bearing do states have on the other harms I referred to as consequent upon markets: the reproduction and aggravation of inequalities and the undermining of citizenship? Obviously, states can contribute to these harms by favouring markets and by partnering or simulating market actors. But now we may ask another question. To what extent is it feasible, through state policies, to reduce these harms? Consider first inequalities of assets, whether property and property rights or marketable skills, and, alternatively, inequalities of income and other benefits that accrue to individuals. More specifically, to what extent is this feasible in the case of competitively democratic states? (I assume that it is states, and these states in particular, that are, for the foreseeable future the only plausible agents of such equalization, as compared with local, regional or supranational bodies.) Clearly, the former, socialist policy of asset equalization – of equalizing property rights and marketable skills – is the less feasible. Here, doubtless, an equalizing educational policy is the most promising. As for the latter, the social-democratic policy of equalizing flows of income and other benefits through fiscal redistribution and social insurance, as in the welfare states of northern Europe, especially the five Nordic countries, has demonstrated remarkable successes. Despite the predictions of some that the welfare state is moribund, that is not so. These welfare states are changing at the edges, largely because of changing demographics and immigration, but they are not disappearing.

But herein lies the other harm we have been considering: the undermining of citizenship rights. For, if, as I suggested before, the success of these social democratic welfare states has relied upon the precondition of citizen homogeneity, then they may not be generalizable or indeed sustainable in the longer term. For it is the market, in this case the international labour market, which enables and encourages these changing demographics and immigration. It is an open and increasingly urgent question within Europe and elsewhere to what extent states can or should limit immigration in the interests of preserving citizens' rights.

My second and concluding observation is simply a worry about the very topic I have been addressing. Perhaps we should question the bipolar disorder that leads us to think in an 'either-or' way about

markets and states. In this chapter, I have focused on the harms attributable to markets and to states. I suggested the ways in which markets commodify, aggravate inequality and undermine citizenship rights, and that states disregard and extinguish local knowledge. I further suggested that these harms are perpetrated by both states and markets. Finally, I indicated that markets, as repositories and distributors of knowledge, are indispensable to states and that states, as agents of social insurance, social services and redistribution, are an indispensable corrective to markets. And so, we may conclude, neither is the panacea for the ills of the other.

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