

Question 1

Adherents of economic and political liberalism and utilitarianism, including theorists such as John Locke, Adam Smith, and T.M. Malthus, follow several general tenants about the relationships between the market, state, and civil society. A number of later theorists developed ideas about these institutions that diverged (both slightly and significantly) from those of the liberals/utilitarians. This essay will examine how Karl Polanyi, T.H. Marshall, and Margaret Somers differ from the utilitarians and liberals in their perspectives on the market, state, and civil society, as well as how they differ from each other.

The Utilitarian and Liberal Tradition

Broadly, liberal and utilitarian notions include the supremacy of the market economy over the state, minimal state intervention except to protect the market, and a civil society that does not really exist apart from the market, although, some liberals, such as Locke, believe that members of society have the responsibility to overthrow the state if it does not adhere to its role of protecting the market¹. The utilitarians and liberals generally believe that humans are “utility maximizers” who are rational, self interested, and driven by economic incentives. As Adam Smith notes, the human’s natural instinct is to “truck, barter, and exchange” (pp.19)

The adherents of this tradition are strongly against to more interference in the state than what is minimally necessary to protect the market; they are opposed to most state-provided services, ranging from social welfare programs to a government-run postal service. Even for the old, the sick, and the weak, hard-core economic liberals did not believe in poor laws or any kind of social support. Townsend used the “goats and dogs” metaphor to describe what happens to the weakest in society (Polanyi, pp. 118)², while Malthus talks about preventative and positive “checks” on the population.³

¹ Some utilitarians, such as Hobbes, believed that there was no such thing as a civil society since everyone was out for themselves. “Society” was just an aggregate of people.

² The story goes as follows: there are too many goats on an island. A male and female (wild) dog are let loose. They procreate. The result is that the wild dogs eat the weakest goats, while the weakest goats do not survive. Thus, only the “strongest” of both species remain.

³ Preventative checks are when individuals calculate the “distant consequences” of having children (or more children) and decide not to procreate based on this introspection,³ while positive checks involve all of the “natural” phenomena that limit population growth, such as poverty or disease. Specifically, Malthus describes positive checks as, “every

Strict adherents of this tradition believe that nearly everything should be privatized, and that no matter what your intentions, you will create the opposite from what you intended if you interfere in the market (Malthus's notion of "unintended consequences"). Further, they believe that a self-regulating market is "natural," just like it is "natural" for human beings to be self-interested utility maximizers. Consequently, they see interference in the market by the state as "unnatural."

As most of the adherents of liberalism do not believe a significant civil society exists outside of the state and market, they do not spend time developing the concept. Many of them, however, believe that people in society have "natural rights" – i.e. the right to earn property, as well as freedom "from" the "tyranny" of the state.

Karl Polanyi

In the *Great Transformation*, Karl Polanyi seeks to explain what he describes on page 1 as, "the collapse of 19th century civilization," which is fascism in Europe. His views on the market, the state, and civil society stand in stark contrast to the views of the utilitarians and liberals. He strongly rejects the liberal view that a self-regulating market is "natural," instead noting that "the road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism" (pp. 146). Polanyi does not have a problem with the idea of markets, per se, what he believes is ludicrous is the notion of a self-regulating market. He observes that markets themselves have been around for a long time, but always as a part of the larger economic system, which also might include redistribution, reciprocity, and householding (pp. 51). Unlike the liberal creed which perpetuates the "naturalness" of the self-regulating market; Polanyi shows through historical analysis that markets were never self-regulating until the 18th century, when the liberal/utilitarian tradition was born.⁴

cause, whether arising from vice or misery, that contributes to shorten the natural duration of human life" (Malthus, pp. 23).

⁴ One of my favorite lines is on pp. 47: "The habit of looking at the past ten thousand years as well as the array of early societies as a mere prelude to the true history of our civilization which started approximately within the public of The Wealth of Nations in 1776, is, to say the least, out of date."

Polanyi believes that the dangers of an unregulated, liberal state will be devastating: because they involve “fictitious commodities,” which are things that are not made to be sold on the market such as land and labor but are sold anyway, there will be exploitation. This will threaten (and destroy) society. However, this does not happen because people immediately begin to demand protections in an unregulated market. Polanyi notes that once the unregulated market was created in England in 1834 (when the Speenhamland system of poor laws was reformed), there was immediately a “collectivist countermovement” that started to demand state intervention⁵.

The countermovement “was not due to any preference for socialism or nationalism on the part of concerted interest, but exclusively to the broad range of the vital social interests affected by the expanding market mechanism” (pp. 151). He emphasizes that the people in the movement were not usually driven by economic interests, but instead, “almost invariably, professional status, safety and security, the form of a man’s life, the breadth of his existence, the stability of his environment, were in question” (pp. 161). Polanyi states that there is a constant tension, which he deems the “double movement,” between the liberals on one hand who want an unregulated market without protectionism, and members of society on the other hand, who seek protectionism. It is this tension that he believes eventually leads to fascism.

It is clear that Polanyi differs significantly from the economic liberals on almost every major tenant. While the liberals do not generally view civil society as being separate from the market and believe individuals are driven by economic interests, Polanyi notes that in response to an unregulated market, an entire countermovement will spring up to try and protect their interests, which are not generally driven by economics. He also believes there are myriad institutions outside of the state and the market that create “civil society,” and that the market should only be one part of society, in addition to religion, politics, and other structures (Block & Somers, pp. 63), and that it is an “economistic fallacy” to try and create a dominant market. He does not advocate getting rid of the market; he just believes that if it is self-regulating, it will destroy society.

⁵ Polanyi notes on pp. 154 that sometimes even economic liberals sought protectionism.

T.H. Marshall

Unlike Polanyi, T.H. Marshall does not seem fundamentally opposed to the idea of a society with a dominant capitalist market. In *Citizenship and Social Class* (1949), he seeks to explore whether the inequalities of social class that developed within the capitalist market system are fundamentally at odds with the expansion of the rights under citizenship. This part of the essay will review Marshall's three ideas of rights and how these rights relate to and contrast with the liberal ideas of the state, the market, and civil society.⁶

Marshall's work was pioneering in the field of citizenship and rights; his "intellectual contribution was the redefinition of modern citizenship" (Somers, pp. 590). Marshall broadened the idea of citizenship to include the categories of civil, political, and social rights (Marshall, pp.8). He believed that civil rights were developed first, then political, and finally social, and that each group of rights was especially beneficial to a corresponding economic class (i.e. civil rights were most beneficial for the wealthy, political rights were most beneficial for the middle class, and social rights were the most beneficial for people in poverty) (Marshall, pp. 17).

Civil rights are the "rights necessary for individual freedom," (Marshall, pp.8) including freedom of speech, freedom of religion, the right to own property, etc. These are the rights that fit cleanly within the ideals of economic liberalism, as they do not involve the government intervening; in fact, they protect people from the government (as well as from one's fellow citizens).

Political rights include the "right to participate in the exercise of political power as a member of a body invested with political authority or as an elector of the members of such a body" (Marshall, pp. 8). Political rights can also fit into a notion of economic liberalism; indeed, one of the tenants of John Locke's philosophy of the state was a body politic electing its leaders. These rights are more likely to cause problems for the economic liberals however, because people have the potential to vote for politicians who would impose protectionism on the market – according to Polanyi, this outcome

⁶ I am not analyzing all of Marshall's ideas due to space limitations. I hope this is okay.

would be inevitable, especially since it is not just people with low-incomes and a lack of power who are in favor of greater protectionism, but all people.

Unlike civil and political rights, social rights do not fit neatly within the realm economic liberalism. Marshall defines them as “the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society” (pp. 8). This notion would not be acceptable to most of the economic liberals, as they believed the role of the state is only to protect the market and provide minimal protection to citizens, not to ensure their economic welfare or ensure that they share in the “social heritage of society.” Thus, while Marshall’s conception of civil and political rights would fit with the idea of economic liberalism, the notion of social rights would be rejected outright by the liberals. Further, the notion of a broad set of citizenship rights, especially social rights, falls outside of the liberal idea that civil society only exists within the realm of the market.

Marshall differs from Polanyi in at least two important respects: first, his notion of social classes is based on economic class, while Polanyi rejects the idea that social classes are based on economics. Specifically, Polanyi notes, “when referring to a class, most directly refer to standing and rank, to status and security, that is, they are primarily not economic but social” (pp. 160). Second, Marshall does not seem to oppose the basic idea of a free market. He is interested in whether the three types of rights and the free market are contradictory, but he does not does not share Polanyi’s strong dislike for the free market.

However, both Polanyi and Marshall recognize the inherent tension between markets and society. Even though Marshall’s version of the market is not the purely self-regulating kind that caused the countermovement after the repeal of Speenhamland, he still notes that there is a tension between people’s expanding rights and the idea of a free market. Marshall realizes that there will always be inequality in the market, and that people have obtained more and more rights in order to protect themselves from the most brutal of that inequality. In many ways, this tension is similar to

Polanyi's concept of the double movement, where the liberals and the protectionists go back and forth about how to have a "free" market that doesn't destroy the population.

Margaret Somers

Somers (1993) disagrees with Marshall's depiction of the evolution of rights and their alignment with different social classes. She argues that there were regions in England that had civil, political, and social rights as far back as the eighteenth century, which goes against Marshall's notion that the three different types of rights evolved over the 18th, 19th, and 20th centuries as the market economy developed. Somers notes that there were two broad types of regions in England in the 18th century: arable, which "were controlled by a powerful gentry," and pastoral, which had an "absence of manorial control by landlords" (pp. 593). She demonstrates through historical analysis that the notion of national labor laws impacted the populations of these two regions very differently: in the pastoral regions, the laws were often interpreted by the working class as giving them citizenship rights and allowed for broad public participation, while they only served to strengthen elite control in the arable regions and hindered participation. She attributes this to differences in "participatory association" across the regions, specifically in political geography and family patterns/political cultures of solidarity (pp. 601).

Somers' views on the market, state, and civil society differ significantly from those of the utilitarians and liberals. First, she believes that when using institutional analysis⁷ to examine phenomena such as the state, the market, and citizenship, "the economy becomes one of several institutions that compete and interact with a network of institutions and practices. An institutional analysis rejects the idea that the state (or culture) is driven by the economy" (pp. 595). This is in complete opposition to the liberal notion that the purpose of the state is only to protect the market; instead, it views the state and the market as players in a broader network that include culture, family, and community associations. Unlike the liberals, Somers does not view "civil society" as part of the

⁷ Somers notes that an institutional approach, "presupposes that institutional relationships and relational networks consistently 'outrun' social categories" (pp. 595). She defines institutions as "organizational and symbolic practices that operate within networks of rules, structural ties, public narratives, and binding relationships that are embedded in time and space" (pp. 595).

market; she believes that civil society, specifically the notion of a “public sphere” can differ significantly across regions (in this case, pastoral v. arable) and that the way the public sphere is structured (to allow for participation or to hinder participation) can have a significant impact on whether people are able to take part in society (pp. 605). While the liberals do not generally pay much attention to the idea of a separate civil society in their theories, Somers believes that the public sphere is of vital importance in determining why outcomes such as participation differ across areas.

Additionally, liberals and utilitarians generally believe that people with similar economic conditions will experience institutions such as the market or the state in a similar way. Their theories do not account for the fact that the workings of the market or the laws of the state could potentially affect people from similar economic backgrounds in very different ways depending on “actor’s places in the multiple relationships in which they are embedded,” (pp.595) as Somers demonstrates with the people from the pastoral and arable regions. Somers notes, “the abstractions of state and capitalism, citizenship and social class can be replaced with the concept of contingent patterns of relationships and social practices grounded in time and space” (pp. 611). She further states that, “it is no longer assumed that a group of people has any particular relationship to citizenship simply because one aspect of their identity is categorized as ‘working class.’ Citizenship identities are investigated by looking at actors’ places in their relational settings” (pp. 595).

Like that of Polanyi, Somers’ theory significantly challenges the notions on the state, market, and civil society put forth by the liberals and utilitarians. She rejects the notion that the economy is the driving force both in society and within human beings, instead pointing to the importance of a “patterned matrix of institutional relationships among cultural, economic, social, and political practices” (pp. 595). Her view on social class is similar to that of Polanyi, and very different from Marshall. Instead of basing social class purely on economic status or other categories (such as traditional artisan or working class wife), she emphasizes the importance of looking at the “actors places in the multiple relationships in which they are embedded” (pp. 595). Her point is an important one, as the outcomes for the individuals in the arable and pastoral regions were very different, even

though they might be grouped in a similar way in a traditional analysis of class based on purely economic categories.

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