

THEORETICAL PRELIMINARIES

The Inevitability and Inhumanity of Capitalism

During the last ten years or so there has been a lot of talk about the coming of a 'new economy'. Different authors define this amorphous entity in slightly different ways; some focus on new technologies, others on new styles of corporate management and ways of working; or perhaps it is rather a product of a scaling-back of the state or perhaps a consequence of an ever more globalized world.¹ Although the items on this list, or on some longer list like it, may appear quite disparate, what they have in common is an emphasis on the logic of the marketplace, on the interplay between supply and demand. What is new about the new economy, in short, is an emphasis on market forces. Economic markets, we are today constantly told, must be given freer reign – we must 'get prices right' and stop pampering and mollicoddling the inefficient, the unproductive and the merely lazy. Only in this way will we survive in the new and vastly more competitive world in which we live; only in this way can we achieve economic growth and lasting happiness.

We are in this way invited to participate in a gigantic social experiment. According to the engineers who have drawn up the plans, our societies are to be reorganized ever more closely in the image of a market. Efficiency, rationality and productivity are to characterize ever more of what we do, and what cannot be justified in such terms should disappear, or at least receive less of our time and attention. This is the future, after all – we do what everyone else is doing, and if we fail to conform, we are doomed. And even though the benefits of the experiment may be slow in coming, and it sometimes seems as though we are becoming poorer both in material and in social terms, we are assured that the day eventually will arrive when all the sacrifices of the present will be justified.² Just as once Communism, capitalism will bear its greatest fruits in the future. Meanwhile we should take pride in the fact that we have history on our side and that we live according to its fundamental principles. The new economy is thus above all an idea – it is an idea that requires boundless idealism and commitment.³ *Fiat capitalism et pereat mundus.*

We have of course been here before. The proponents of the new economy sometimes talk as though they are the ones responsible for inventing

economic markets and as if no one previously has understood their benefits. But markets have been around for thousands of years. In China there were thriving markets in both consumer goods and factors of production even before the establishment of the first imperial dynasty in the third century BCE, and in Europe markets have existed continuously since money was reintroduced sometime in the eleventh century.⁴ And as far as a committed defence of market forces is concerned, our contemporary social engineers are merely the bleak shadows of the real revolutionaries of the eighteenth and nineteenth centuries: economists like Adam Smith, David Ricardo and Nassau Senior. It was on their recommendations that market forces were unleashed from the fetters of mercantilism and traditional privilege. Markets, after all, are not natural beasts but created ones; the free markets of the nineteenth century were products above all of actions undertaken by the state.⁵

This historical context holds a lesson for us. The nineteenth-century combination of industrial production and *laissez faire* policies led to unprecedented levels of economic growth but also to unprecedented levels of human misery. The problem, to put it briefly, was that subsistence farmers were deprived of their land and forced to sell their labour in markets that were completely glutted. Once the value of a human life is determined by market forces and once that value sinks sufficiently low, a situation is created which is highly unstable. As a victim of the market you need to do something in order to save your dignity and improve your conditions. Some people protested and put political pressure on governments to institute pro-labour legislation and social reforms. Others decided that markets had to be abolished, and others again turned to fascism. In fact, most of the politics of the twentieth century was taken up with attempts to deal with the direct and indirect consequences of nineteenth-century industrialism and *laissez faire*. Hence the social strife, the revolutions and many of the conflicts and wars.

And now we are thus invited to do it all over again. We should liberate markets, we are told, and see what happens. Of course the situation is not the same as one hundred years ago – we are richer now, better educated and prepared – yet the parallels are there and the prospects are troubling.⁶ Once again the economy is likely to grow rapidly in the aggregate while the market becomes the arbiter of our lives. There will be new victims, and while we are likely to be better off economically, we are also likely to be more humiliated and debased.⁷ Capitalism, in short, is inevitable, but it is also inhuman. It is inevitable since there is no other system that produces comparable levels of prosperity, but it is inhuman for what it does to human beings and to the societies in which we live.

The question is thus not how capitalism can be replaced with something else – there is nothing else that can replace it – the question is rather how its negative consequences can be avoided. In fact, ever since markets were first introduced at the very beginning of recorded history, people have tried to

come up with various ways of coping. Although capitalism is very good at breaking down social structures, human beings are very good at rebuilding them. This book is about this interplay of destruction and recreation. The aim is to briefly go over the history of capitalism and to look at some of the ways in which people have sought to deal with its destabilizing effects. What we want to know is what capitalism does to individuals and societies, but also what individuals and societies do in order to protect themselves. This book is a work in historical sociology, but it is written with a certain sense of urgency. Before the new economy comes down on us in full force we need to know more both about capitalism and about how to survive it with our humanity intact.

The Power of Markets

Capitalism has always had a way of shaking things up. Capitalism has undermined traditions, eroded the power of well-established authorities and made, in Karl Marx's famous phrase, 'all that is solid melt into air'.⁸ Normatively speaking, many of these changes have been for the good. The expansion of markets has brought about economic development, leading to prosperity for some and a far better standard of living for the many. Economic development in turn has made it possible for people to leave their hand-to-mouth existence and lead proper human lives. As a result there is more time for rest and recuperation, for social interaction, for cultural and intellectual pursuits. Although the evidence here is far more contested, there also seems to be a connection between economic development and a number of other long-cherished goals including peace, social justice and democracy.⁹ If nothing else peace, social justice and democracy are far more difficult to maintain when people are poor and the economy stagnant.

And yet capitalism has also had a number of consequences which normatively speaking have been quite disastrous. The expansion of markets has forced people to specialize on ever more well-defined tasks, and as labour has been more finely divided, so has the fabric of social life. Over the course of the last 200 years capitalism has continuously broken up social relationships and destroyed communities and established ways of life. Facing new economic imperatives former farmers and farmhands have suddenly found themselves factory workers in cities where they have had few connections with other people. In the course of the nineteenth century, the Europeans were uprooted in this fashion, and today farmers throughout Southeast Asia are going through much the same process.

In addition the expansion of capitalism has meant that more and more of our lives has become subject to market forces. Things have become commodified, as it were. To 'commodify' something is to turn it into an object that can be sold in a market at a price. As a result of this process we have come to adopt an increasingly rationalistic attitude to our relationships

with others and to ourselves. At the same time other non-economic ways of understanding the world have become more difficult to uphold. Values have been replaced by prices, and prices as always are determined through the interplay of supply and demand. In this way, even though the expansion of markets makes sure that resources are becoming increasingly efficiently allocated, we become increasingly impoverished.

Capitalism, finally, seems to make our lives more and more alike. When subject to the same market forces, societies, products, and even human beings start to resemble each other. In part this is a consequence of the spread of the new market rationality. When we all apply the same standards to our actions and our thoughts, we increasingly come to think and act in similar ways. But convergence is also a consequence of ever sharper competition. Everything else being equal, the bigger the market, the larger and fewer the companies that supply it, and before long a few enormous companies will be selling ever more standardized goods to ever more people. If nothing else, such homogeneity is terribly boring. But homogeneity is also a threat since our very notion of an identity presupposes the ability to draw distinctions and to create boundaries. There must be something about us that is uniquely ours if there is to be a point to our lives. In a fully extended market society, it is less and less clear what that could be.

Both pictures are consequently correct. Capitalism is simultaneously both inevitable and inhuman. It is inevitable since there is no better way to bring about economic prosperity together with all the cherished social goods which prosperity produces. It is inhuman since capitalism undermines our communities, our values and our ability to determine who we are. As inevitable, capitalism has to be encouraged; as inhuman, it has to be controlled. The all-important question is how we can simultaneously respond to both of these conflicting imperatives.

Political discussions over the last 250 years have more than anything concerned precisely this issue, and the various views on the matter make up the familiar left-right scale according to which political positions are conventionally classified.¹⁰ The traditional right-wing of the *anciens régimes* was anti-capitalist and defended time-honoured values and hierarchies, whereas the left-wing was pro-capitalist and revolutionary. Once the left seized power in the course of the nineteenth century, however, the positions switched. The new right-wing praised the virtues of capitalism and sought to make sure that nothing would restrict its reach. The new left-wing emphasized the negative consequences and looked for ways in which capitalism could be controlled.

Important as these debates have been, it would be a mistake to think that the conflict between competing imperatives can be settled entirely through political actions. There is certainly a role for politics here but it is more limited than we commonly imagine. The conflict between competing imperatives is too tangible, too pressing, too everyday, and none of us can afford to wait around for the political debate to run its course. What we do

is instead to rely on a kind of infra-politics, a low-level, barely visible politics which we all engage in, whether we know it or not, whenever we take steps to protect ourselves against the negative impact of capitalist markets.¹¹ As it turns out, there is an entire repertoire of social arrangements we routinely draw on to assure such protection. There is nothing left-wing about these instinctive actions and they are not undertaken in order to make a political point. In fact, even the most vocal of market fundamentalists end up protecting themselves in much the same manner.¹² They too are human beings, after all, and they too have to defend their humanity against the encroachments of the market.

The result is best described as an uneasy compromise. Far from conquering all of social life, markets and societies have reached a kind of *modus vivendi*. Since capitalism is an unrivalled source of prosperity, it has been retained, but since it is also destructive of social life, it has been contained. There is the logic of the market, but there are also alternative logics that are non-market-based. Within the market, supply and demand reign supreme, but outside of the market, supply and demand are reined in. The combination is not without its problems, but most of the time it works reasonably well. In the end this is how all successful societies have survived capitalism; we all have our various ways of remaining human.

Our first task in this book is to provide a more detailed investigation of some of these threats.¹³ The strategy here is similar to that employed by many economists. Instead of talking about the actual world, what economists typically do is to talk about the version of the world they have created in their theoretical models.¹⁴ Whereas the actual world is messy and full of awkward facts, the world of the model is neatly organized in accordance with a few basic principles. Economists are regularly ridiculed for this hopelessly academic way of proceeding, and yet it is often the only way to make sense of highly complex situations. Proceeding like an economist, therefore, the question is first what the social consequences are likely to be of the development of capitalism. Only once this logic has been described is it possible to say something about what we have done to protect ourselves against it.

Division of Labour

Consider first what happens when markets grow wider in scope. Markets grow in width, we could say, when they come to include more people and larger and better integrated geographical areas. The widest possible market is one that includes absolutely everybody and in which prices and qualities are determined through the same processes. Everything else being equal, wider markets are characterized by a higher degree of division of labour.¹⁵ Instead of everyone making everything they need for themselves, people come to specialize on whatever they are relatively better at producing. By trading with others who similarly specialize in their comparative advantages, the division of labour will spread. Before long, work will be divided into

ever smaller and better defined tasks, and in the end we will all be doing just one unique thing.

The economic benefits of this process are incontrovertible and they were the reason why the classical economists were such strong advocates of free trade.¹⁶ Specialization makes people vastly more efficient. By focusing on a particular task we soon become far more skilled at what we do. By leaving each task to the person who is best qualified to perform it, and by trading with each other, everyone benefits. In this way it is also far easier to introduce technological innovations. Instead of having a person perform the same tedious task all day long, we can have a machine do it. Before long the machine can carry out the work and the workers can focus on attending and servicing the machine. Hence the factory.¹⁷

For individuals the division of labour has a number of obvious benefits. When labour is divided, new kinds of jobs and new opportunities present themselves. Seizing on these, people are given a chance to break with their previous lives. Those who are poor and otherwise disadvantaged are in this way able to improve their lot.¹⁸ A striking example are the medieval serfs who decided to run away from their feudal obligations.¹⁹ As customary law stipulated, after having lived in a town for a year and a day the runaways were declared free; *Stadtluft*, as the medieval German saying went, *macht frei*. Understood figuratively, city air is still liberating. It is easy to imagine the exhilarating sense of freedom experienced by nineteenth-century European farmers, or by peasants throughout East Asia today, when leaving the soil and the animals for new lives in faraway megalopolises. It is not irrational to prefer the unpredictability of city life to the all-too-predictable drudgery of the countryside.

And yet it is also possible, and equally correct, to describe the very same process in far more negative terms. The division of labour brings not only new opportunities but often also too many, and too many unwanted, changes. Increased specialization not only allows us to change our lives but it *forces us to do so*. We are compelled to change whether we like it or not, and to live and work under conditions that are not of our own choosing. In this way the division of labour is constantly undermining the fabric of social life together with the social positions and the identities we have acquired. We can no longer be who we are and live the way we are used to. The result is likely to be alienating – meaning that we suddenly feel estranged from the familiar, well-established contexts through which we make sense of our lives.²⁰

The Industrial Revolution in England at the end of the eighteenth century provides the classic illustration. Here work was for the first time separated from the home, family members were separated from each other, and one's own time was separated from the time owed to one's employer. When all family members were forced to specialize in their comparative advantages, it was not long before fathers were sent down into mines, children were pushed up chimneys and mothers were left washing and cleaning for others rather

than for themselves.²¹ And because the factories could be run more profitably around the clock, there was no natural end to the working day. Deprived of their land, former peasants were forced to sell their labour – and because the number of people looking for work was next to endless, their wages fell to around or below subsistence level.

Compared to labour on the farm, labour in the factory represented an unprecedented regimentation of daily life.²² In the factories people were bossed around in a way they never previously had been. Workers were supposed to emulate the efficiency and rationality of the machines they worked at, and before long they ended up being treated like machines themselves. The term 'factory', Andrew Ure reported in his *Philosophy of Manufactures*, 1835, 'involves the idea of a vast automaton, composed of various mechanical and intellectual organs, acting in uninterrupted concert for the production of a common object, all of them being subordinated to a self-regulated moving force'.²³ 'Many mechanical arts', the Scottish political economist Adam Ferguson pointed out already in 1767, 'succeed best under total suppression of sentiment and reason.'

Manufactures, accordingly, prosper most, where the mind is least consulted, and where the workshop may, without any great effort of imagination, be considered an engine, the parts of which are men.²⁴

Coming across this passage in his readings, Karl Marx wholeheartedly agreed.²⁵ Since factory workers see only a small part of the production process, they are never in a position to properly understand the rationale for the actions they spend most of their lives performing. Industrial production, Marx concluded, means that people are alienated from the fruits of their labour. Compare this situation with that of the medieval craftsman who had control over all stages in the production process and who worked in his own time and for his own profit.²⁶

Although the nature of factory work has changed dramatically since the days of Ferguson and Marx, its consequences are not necessarily all that different. In contemporary factories, rather than supervising machines, workers are increasingly supervising computers which in their turn supervise machines.²⁷ All you need to know as a computer operator is how to press a few buttons on digital displays which are becoming ever more user-friendly. From the point of view of occupational health and safety this represents a vast improvement, but at the same time computerization has continued to drain work of its meaning. Much contemporary factory labour no longer requires any particular skills, and it is for that reason not something to take much pride in. Work is increasingly something that you do while daydreaming of a more authentic, perhaps a more glamorous, life elsewhere.

But alienation can also be understood as a society-wide process. The division of labour forces us to give up unprofitable occupations, to retrain and reskill ourselves and to look for new jobs elsewhere. Often this means

that we are forced to move to cities, perhaps to other countries, leaving our families and friends behind. To seize on new opportunities is too often to turn one's back on an entire way of life. Before long specialization has divided not only labour but also societies, and distanced and alienated people from each other. As Peter Gaskell noted in his survey of the effects of the factory system, *The Manufacturing Population of England*, 1833, the discontent of the workers had less to do with wage issues than with 'the separation of families, the breaking up of households, the disruption of all those ties which link man's heart to the better portion of his nature, viz. his instincts and social affections'.²⁸

There are plenty of historical illustrations of such effects. From the introduction of a monetized economy in the Middle Ages to the industrial revolution of the nineteenth century, the expansion of markets has produced great waves of migration, growing larger in each successive stage. In the course of the nineteenth century, no fewer than 85 per cent of Europe's population moved; some 70 per cent within the borders of their own countries and the rest abroad, to the Americas in particular.²⁹ Outside Europe the expansion of markets has had the same consequences, especially once the process of industrialization got under way in the twentieth century. In the 1910s and 1920s, large numbers of Japanese farmers began migrating, and in two frantic decades cities like Tokyo, Osaka, Kobe and Nagoya doubled in size.³⁰ In China and much of Southeast Asia the corresponding migratory movements began only in the 1980s and 1990s. This was when cities such as Shanghai, Guangzhou, Bangkok, Jakarta and Kuala Lumpur suddenly exploded, creating sprawling ghettos where new opportunities were mixed with new forms of human misery.

The social costs imposed by these migratory movements have been substantial. While the initial excitement offered by city life soon wears thin, the challenges become ever more pressing. After all, life in the city is entirely different from life in the countryside. In the city there are far more people around, but also far fewer people who know and care about each other. Often the new immigrants lack both emotional and material support, and without friends and relatives nearby the feeling of rootlessness can become overpowering. Thus London of the eighteenth century was, according to a contemporary description, a 'social wilderness' in which 'everyone is indifferent to another'.³¹ Likewise the Tokyo of the 1920s, as the author Yanagita Kunio observed, was filled with people who were 'not attached to anything, anywhere'.³² There was a 'general thinning out' of social relationships. Similarly, contemporary Thai society is subject to 'the dangers of extremely rapid social mobility that alienates people from their roots, even forcing them to seek new names and new identities with which they do not feel at ease'.³³

Moreover, by moving to the city people necessarily become far more exposed to the vagaries of the market. Life in the countryside was no idyll, to be sure, but most challenges were presented by nature and people had their time-honoured ways of coping. Subsistence farming guaranteed a reasonably

stable environment. In the city by contrast most challenges are man-made, unpredictable, and new arrivals often have no idea how to cope.³⁴ Fully exposed to market forces they live in constant fear of sickness or a recession that might ruin their businesses and their livelihoods. And even those who do well for themselves, such as the prosperous merchants of eighteenth-century London or twenty-first-century Shanghai, find that the intense competition of the new and larger markets constitutes a perpetual source of anxiety.³⁵ On average, people living in cities are not only better off economically than people in the countryside, but also a lot busier and far more worried.

Such feelings of rootlessness and anxiety have had profound existential consequences for the individuals concerned. As many have come to realize, with fewer people around who know and care about you, there are fewer people to turn to for social and emotional sustenance. As a result it is more difficult for individuals to gain recognition for the self-descriptions they come up with. This is a particular problem in new urban environments where previous, well-established, identities have lost their meaning. No one can be a farmer in a city, after all. Eventually, to be sure, people will cobble together some new identity for themselves and as a result they will gradually come to feel more secure, or at least their children will. Yet the transitional costs involved in this move from one identity to another are often substantial, and for the people who have to pay them it is little comfort that most likely, one day, everything will be fine.³⁶ Moreover, in a society in a continuous state of transition, transitional costs of this kind do not only have to be paid once but continuously.

Commodification

Markets are not only growing wider, however, but also deeper. The depth of a market refers to the range of goods and services it has to offer. A shallow market is one that encompasses few goods and services, and a deep market is one that encompasses many. In an ever deeper market an ever larger range of goods and services are being bought and sold. The deepest possible market is one in which absolutely everything is for sale; it is a market in which everything is commodified.

To be fair, let us first remember that commodification too has a number of positive consequences – again above all economic ones. Everything else being equal, the deeper the market, the more efficiently the resources of society will be distributed. The reason is that things which were previously badly allocated can now be allocated with the help of the interplay of supply and demand.³⁷ Instead of simply accepting the way resources have been distributed by nature or by luck, markets move things around to where they are more productively employed. Instead of traditional elites hogging all the prestige items – the women, jewels and cult objects of a society – they become available to whoever can afford to pay for them. The outcome is not only more efficient in economic terms but arguably also more just.

If markets really are a good idea, there is no reason not to extend them ever further. Yet when everything is eventually commodified, instead of living in a society we live in a gigantic shopping-mall. It is easy to see this shopping-mallization becoming reality before our eyes as many things and activities previously thought of as off-limits to markets are now touched by them.³⁸ There is for example an illegal but growing market in body parts such as kidneys, and there is a black market in children, ostensibly paid for in the form of adoption fees. The internet provides a new outlet for previously off-limit items ranging from prescription drugs to sexual services and stolen Tibetan works of art. Political power too has recently become commodified since electoral success can increasingly be bought with the help of advertising. There are still things that are not marketed – reproductive success, for example, or eternal life – but recent advances in gene technology may yet change that fact. The day is surely not far off when we can buy the babies we want and live as long as we can afford to.

Market fundamentalists see no reason to stop this process. In fact, they view it as perfectly benign. And yet once they start talking about ‘markets in babies’ or ‘the economics of rape’, most of the rest of us will have had enough.³⁹ It is not that we doubt the possibility of efficiency gains in these areas too, rather we are worried that whatever economic gains that materialize are more than offset by non-economic losses. Not everything is a commodity, after all, and not everything is reducible to utility calculations.⁴⁰ By allowing the market to take over we deny the existence of alternative principles of distribution and thereby also the alternative values they embody.

This argument applies with particular force to attributes associated with our own person.⁴¹ A kidney or a love life, most of us would conclude, have a value in and of themselves; they are not commodities that can be disposed of if the need arises but are instead intrinsic parts of what and who we are. To sell them is demeaning and it is to do violence to our sense of self and thereby to our standing in our community. An analogous argument applies to children who as human beings have an intrinsic value and who as members of a family are integral to the identity of all other family members. To make commodities out of such attributes of our humanity is inhuman.

A not dissimilar argument applies to our labour power. When labour is commodified, it is the value of human life that comes to be determined by market forces.⁴² As a result people are likely to take an increasingly instrumental view of themselves and of each other. In a labour market, as already Thomas Hobbes noted, ‘your worth is a matter of your price’, and your price is subject to forces far beyond your control.⁴³ Often a sudden dip in the business cycle or a crash in the stock market can dramatically change your fortune.⁴⁴ Without quite understanding what has happened, you find that there suddenly is no demand for your services. In practice, none of us may genuinely accept that market evaluations really represent our true worth, yet it is difficult to completely ignore them since money is the accepted measure of value in our society. In a competitive market-society

poor people are regarded as losers, and they are not for a second allowed to forget it.

Much the same applies to the commodification of other factors of production. Obviously a sophisticated capitalist economy could never function without a market in land and capital. It is only once these inputs into the production process are given a price that they can come to be efficiently allocated.⁴⁵ And yet to treat land as a commodity is necessarily to take a particular view of it.⁴⁶ When land is commodified, nature itself is turned into a ‘resource’ that is used for economic gain. As a result it is appreciated only for what it yields, and before long it is inevitably over-exploited. Similarly, when capital is commodified, industrial capitalism comes to be replaced by financial capitalism, and instead of making money producing things, money is made through speculation in the money markets. Before long the entire economic system becomes subject to recurring manias, panics and crashes.⁴⁷

The eventual and complete commodification of every aspect of our lives will make us poorer rather than richer. The reason is simply that markets, no matter how deep, never can provide adequately for all of our needs. There are far too many things – indeed the most important things in life – which by their very nature cannot be bought and sold. Above all, markets can never provide us with the kind of recognition we need in order to establish secure identities for ourselves.⁴⁸ As human beings we crave appreciation, friendship and love, and we need people around who can recognize us as particular individuals with human qualities that are uniquely our own. None of this the market can provide. Friendship, companionship and emotional support have to be freely given, they cannot be bought and sold. You cannot keep your friends on a pay-roll and prostitution is not a market-based equivalent of love. While rich people certainly have unique ways of gaining recognition for themselves – by sponsoring arts centres, for example, or by buying football teams – the public nature of such efforts only proves the point. Rich people too want to be appreciated for who they are and not for what they have.

If we only thought about it properly, and occasionally we do, we would all acknowledge the truth of these elementary facts. The problem is only that alternative non-market-based standards have become more difficult to defend since by definition they cannot be expressed in monetary terms. Whatever happens outside of the market is for that reason likely to receive less of our time. As a result we pay less attention than we should to the things that really matter to us. The real business of living and loving takes place on the sly, as it were, outside of working hours, in the half-forgotten margins of our lives.

Mechanisms of Convergence

Finally, consider the question of convergence. Capitalism, we pointed out above, is likely to lead to convergence between societies and ways of life as

it relentlessly rationalizes, streamlines and demystifies everything we do. The more we think of the world only in terms of economic costs and benefits, the more we will all come to resemble each other; all quirks and idiosyncrasies will be ironed out in the never-ending quest for profits. As Marx pointed out, capitalism 'compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e. to become bourgeois themselves'.⁴⁹ 'The capitalist outlook', to quote Joseph Schumpeter, the Harvard economist and one-time Austrian minister of finance,

starts upon its conqueror's career subjugating – rationalizing – man's tools and philosophies, his medical practice, his picture of the cosmos, his outlook on life, everything, in fact including his concepts of beauty and justice and his spiritual ambitions.⁵⁰

In addition, capitalism is likely to lead to convergence since successful capitalist development requires the establishment of institutions which are necessarily more or less alike. Well-functioning markets require the same kinds of financial and legal frameworks, monetary systems and mechanisms that assure political predictability. When this institutional paraphernalia is put in place, there will be less scope for variation between societies.⁵¹

These homogenizing effects become even stronger once we introduce a high degree of competition. As we know from other walks of life, those who compete with each other will quite automatically come to resemble each other. Think of the way the bodies of athletes become increasingly alike as they compete for the same Olympic medals, or the way states in military competition develop the same kinds of nuclear arsenals.⁵² The logic here is the one we find in all cases of evolution. Consider, for example, the way the process of evolution has provided aquatic animals with the same kinds of torpedo-shaped bodies.⁵³ As it turns out, this body-form is simply the most efficient way of getting through water, of catching prey or of getting away from predators. Those who fail to adjust to this standard will never live long enough to reproduce.

The most famous illustration of this evolutionary logic concerns dolphins, or rather the land-dwelling hippopotamus-like creatures who some 10 million years ago were forced back into the oceans.⁵⁴ Adjusting to their new environment, they eventually became quite similar to fish – indeed, before the rise of modern biological science, dolphins were usually regarded as species of fish. For a social example of the same evolutionary logic consider two car companies.⁵⁵ To the extent that they compete in the same markets the two are forced to become more and more alike in a number of respects. This is even the case for companies located in separate countries as long as they try to appeal to the tastes of the same customers. Most obviously the car models they produce will over time become more or less indistinguishable.

Societies too may feel the same competitive pressures. Consider for example the competition for foreign direct investments.⁵⁶ In the quest to woo foreign investors no country can afford to appear an expensive or cumbersome place in which to do business. A state may thus be forced to reduce its tax rates and bring other regulations into line with those of other states. Alternatively, given the high level of mobility afforded by global capitalism, companies can blackmail the governments of the countries in which they operate.⁵⁷ By threatening to close down their plants and move their production elsewhere, companies can block legislation that might hurt their interests. For that reason convergence is likely to take place at the level most advantageous to the most mobile corporations.

A similar mechanism operates through the competition taking place in financial markets. In a truly globalized financial system the price of credit will no longer be set by governments but instead by the free interplay of supply and demand. As a result governments will no longer be able to control interest rates; money, just like water, will instead find its own level.⁵⁸ This means not only that governments lose this particular tool of policy-making but also that they expose themselves to the verdicts of international investors. Borrowing from the same institutions, debtors around the world are forced to abide by the same conditions. In order to obtain loans on the best possible terms, they all have to abstain from behaviour which in one way or another may be deemed 'irresponsible' or 'reckless'.⁵⁹ By imposing financial penalties on behaviour that makes one borrower different from another, conformity is enforced.

Exposed to these mechanisms and to other mechanisms like them, the hands of companies and governments are increasingly tied. Markets are taking control and dictating to politics, and after some initial hesitation everyone is responding in the same uniform manner. In the end only the most rational, the most efficient, model survives and companies and societies are all forced to conform. Although this world may correspond to the economists' fondest dream – imagine seeing the day when all your theories are verified! – it is surely everyone else's nightmare. It is an odourless world, painted in shades of grey, with muted sounds and the same endlessly reiterated décor. Wherever we go we will only encounter copies of the already known; we look into the faces of others and see only ourselves. There is no outside, only insides; everything is intimately known and for that reason simultaneously both comforting and alienating. This is a contradiction, to be sure, but a contradiction familiar to all consumers of globalized brands. While we may appreciate the familiarity of a Benetton sweater, an IKEA table or a cup of Nescafé, none of these products has a clear connection to a time or a place. Their lack of context accounts for their universal appeal, but they do not belong to us rather than to someone else.

This inability to make distinctions has an impact on our ability to form identities. Social philosophers have long foretold the arrival of the day when the fully extended mass market will create a mass society in its own

image.⁶⁰ Succumbing to the crowd, we will become one with it and think and act only together with others. There is no doubt that this will be hailed as a great liberation by many. Relieved of the burden of our identity we will no longer have to assert ourselves nor take responsibility for our actions. Our only deliberations will concern how best to spend our money and how to have a good time; we will be consumers rather than citizens and human beings. And as consumers we will easily be manipulated by market forces:

Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratifications and to watch over their fate. That power is absolute, minute, regular, provident, and mild. It would be like the authority of a parent if, like that authority, its object was to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood; it is well content that the people should rejoice, provided they think of nothing but rejoicing.⁶¹

2

How Society Protects Itself

Given this long list of negative social consequences – and much more could have been said along the same lines – it is surprising that most people complain as little as they do. Given the high costs imposed by the continuous widening and deepening of markets, one would expect us to go crazy and society to break apart. Yet on the whole we don't and it doesn't. This fact is enough to make us start doubting the validity of the analysis presented above. If capitalism really is this difficult to live with, one may legitimately ask, why do people on the whole seem fairly content? Why, for example, did the revolution which Marx prophesized never happen? Why are many of us on the contrary reasonably comfortable with a system that has such obvious flaws?

The answer as so often lies hidden in the assumptions. Economists, as we pointed out above, usually feel quite ill at ease when discussing the actual world and prefer instead to talk about the world they have created in their theoretical models. This was the premise also of our discussion. The argument concerned the social consequences that *would have* materialized as long as everything else remained equal. Yet in the real world, as economists are constantly reminded, nothing ever remains equal and the effects predicted always interact with other, counter-balancing, effects. The same is true of our analysis. Instead of simply succumbing to capitalism and paying the costs it imposes, people have devised various strategies for protecting themselves. Rather than doing away with capitalism, they have found ways of living with it. This is why things in practice never are as bad as the theoretical considerations would suggest. This is also no doubt why the long-prophesized revolution never happened.

Put slightly differently, economists, whether radical or neo-classical, have always exaggerated the role of markets. Although there is much that capitalism can do, there are also definite limits to its world-transforming powers. Society is not some kind of malleable clay which market forces are free to shape and reshape in any way they require. On the contrary, human beings are often very good at defending themselves. Using a common label these defensive reactions might be referred to as 'protective responses', and the arrangements through which protection is provided might be referred to as 'protective arrangements'.¹ While people happily, even eagerly,

acknowledge the benefits that capitalism produces, protective arrangements help to compensate us for its noxious side-effects. The outcome is a model that is quite a bit less efficient than that described by the economists' textbooks but that is also something far easier to live with.² In the end the market must serve society, and not society the market.

Protective Arrangements

Despite all talk of a 'new economy', capitalism has not rearranged society in its own image and market relations have not come to replace all other kinds of relations. This will not and it could not happen. Humans are social beings by nature, and as such we could never survive in a society reorganized in the form of a gigantic shopping-mall. Although there are relative social losses that can be compensated for by relative economic gains, no one is prepared to go ahead and completely trade the one off for the other.³ In fact, apart from a basic set of quickly satisfied urges, all our needs are social; what we really want is acceptance, appreciation, friendship and love. While markets certainly may play a role in satisfying these desires – as when we buy a birthday present for someone we love – the satisfaction itself is achieved outside the market, not inside it.

To the extent that the expansion of markets undermines these non-market values, expansion undermines the rationale also of the markets themselves. Intuitively realizing as much, we have come up with various ingenious ways of protecting ourselves. When the market puts pressure on us, we look for ways of muting, dodging and redirecting its power; we step aside, keep our heads down and bide our time. And while such guerilla tactics would seem to require both organization and political dedication, this is far from the case. Quite automatically and usually without ever really planning to, we defend our humanity and the integrity of our lives.

Successful resistance depends on the existence of alternative social spheres governed by rules other than those governing the market. A line must be drawn, in other words, between the market and the non-market sphere. Sometimes this line is physical – as when doors are locked to the seminar room, the school, the church or the union hall – but often the barrier is instead cultural or social.⁴ Beyond the barrier, however constructed, social life is organized on a different basis.⁵ What matters in the seminar room and the school is the pursuit of knowledge, and what matters in the church or the union hall is, respectively, the pursuit of salvation and the strengthening of working-class solidarity. There are specific rules for attaining these goods which are intrinsic to the spheres themselves, and in these respects money is, or should be, powerless. When entering the alternative sphere we are expected to leave our wallets behind, much as medieval knights left their swords at the gates of churches.

Once we have made our escape to the safety of this alternative world we can relax and begin to live proper social and emotional lives. Suddenly we

are surrounded by people who know our names and recognize our faces; we are known, liked and loved as particular someones and no longer treated merely as abstract factors of production; we are appreciated not for our efficiency but for our personal qualities, our loyalty, our friendship and our commitment. And we can finally start taking it easy. We hang out with friends, eat with our families, drink too much, watch TV, log on to chat-rooms, daydream, remember, hope and pray. From an economic point of view these are all unproductive – indeed, slothful – uses of our time, and as such they are always roundly condemned by the self-appointed custodians of a market-driven work ethic. 'Lose no time,' as Benjamin Franklin put it in an admonition to himself. 'Be always employ'd in something useful; cut off all unnecessary actions.'⁶ Yet we know that more than laziness is involved. It is through these kinds of activities that our identities are established and maintained. It is only safely away from the market that we have a chance to become who we are.

This is thus how we deal with the deleterious impact of the division of labour. If factory labour is alienating and dehumanizing, we look for ways in which we can restore dignity to our work.⁷ If markets make us compete with each other on unbearable terms, we come up with clandestine ways of cooperating. If nothing else, we find ways of regaining our humanity once our shift is over and we go drinking with our mates. In much the same way we insist on the importance of our family and friends. If the expansion of markets breaks up existing social networks, we rely on protective arrangements to reaffirm them or to create new networks that can take their place. This, after all, is how runaway serfs dealt with city life in the Middle Ages in Europe, and it is how the 'floating population' of China deals with city life today.

This is also how we have handled the impact of commodification. When the market presents us with the substitutability and transience of all things, including the substitutability and transience of our own lives and the lives of the people we love, we insist on their uniqueness and permanence. Sometimes we may invoke religious sanctions in our support. To call something 'sacred' or 'taboo' is to contrast it with the profane and thus to place it beyond economic evaluations.⁸ Sometimes aesthetic judgements serve the same purpose. Although we may happily decide to sell even a priceless work of art, few would suggest that there is a perfect correspondence between price tag and artistic merit. A £1 million Picasso is *not* worth the same as 2 million cans of soft drink at 50 pence each. In addition there are also legal prohibitions. The law may, for example, insist on the 'inalienability' of human rights. To have an inalienable right means to have a right that we cannot sell, even if we wanted to.⁹

Yet we should be careful not to romanticize. Protective arrangements are alternatives to the market but they also have their alternative hierarchies, power-games and discriminatory practices. We are protected from market forces but we are at the same time exposed to other forces which have their

separate, and not necessarily benign, effects. Although life in a monastery, to take an example, may offer perfect decommodification, it may warp us in other ways. Besides, not all protective arrangements work equally well and protect us all in the same manner. There may be some arrangements that provide very reliable cradle-to-grave safety-nets whereas others provide only intermittent support. The same arrangements can also function very differently for different people, and some groups may be entirely excluded as a matter of principle.¹⁰ Who is protected, how well and in what way is ultimately a question of politics.

Economists are *qua* economists unlikely to understand any of this. At most they may see protective arrangements as attempts at 'rent-seeking'.¹¹ A rent is here defined as a benefit that accrues to economic actors who manipulate the market for their private gain. The textbook example is a trade union in which workers collude with each other in order to jack up the price of their labour. By classically trained economists such behaviour is usually condemned in the strongest possible terms. And yet such an economic interpretation fundamentally misrepresents at least half of what it is that trade unions do. Although unions certainly seek to increase the pay of their members, they also have other and broader aims. Historically, trade unions concerned themselves at least as much with social activities as with salary increases. Trade unions were founded to fight for the dignity of their members and in order to provide a sense of togetherness and camaraderie. Trade unions were protective arrangements and not merely economic cartels.

And yet it would be a great mistake to see protective arrangements as antithetical to the market. If anything, they are complementing the market, adding to it and helping it out in various ways.¹² Protective arrangements perform functions that are crucial for the way in which markets operate but which markets themselves cannot satisfactorily perform. Consider, for example, the way in which young people are brought up and taught how to behave according to the various rules and expectations of the society in which they live. Such basic socialization is surely crucial for the operations of capitalism, yet it is not something that markets themselves could organize. Families can raise children but markets cannot. Hence it makes sense to leave the raising of children to this particular non-market sphere. Much the same applies to a wide range of other educational, emotional and existential services.¹³

Protective arrangements in this way simultaneously play two rather different roles. On the one hand they protect people from market forces, but on the other hand they also prepare them for their encounters with market forces. They train, socialize and equip us to become more successful market participants. By protecting us they reduce the social costs imposed by markets and make it possible for us to make our peace with capitalism. But by preparing and equipping us for our encounters with markets they make sure that capitalism comes to operate more efficiently. Protective arrangements

are exactly what the old Leninist left used to warn the working class about – they are reformist compromises.

Limits to Convergence

This argument also has implications for the problem of convergence. As we have said, societies often differ quite considerably in the protective arrangements they construct, and this fact can help to limit the degree to which societies come to converge. Although exposure to market forces and increased competition are likely to make us all more alike in a number of respects, the way we protect ourselves against markets and competition will allow us to retain a measure of uniqueness. Although we may compete in the same fashion, we protect ourselves quite differently, and as a result convergence will never be complete. Hence, paradoxically, the expansion of markets may turn out to entrench differences between societies rather than to abolish them.¹⁴

In order to make sense of this argument consider why it is that a certain society protects itself in a certain manner. Perhaps we could think of this as a matter of the 'grammar' that organizes social interaction in the society concerned.¹⁵ Just as the words in a language must be organized in some fashion before they make sense, actions and individuals must be put into a context of social meaning. The grammar of a society tells us what our place in society is, what places others occupy, and how different places relate to each other. Depending on the grammatical rules, we will see ourselves as having different obligations to fulfil and different expectations regarding whatever help, trust and cooperation others may provide. In this way a social grammar sets the terms on which people are prepared to work together and it influences the kinds of organizations they are likely to create.

There is no doubt a considerable overlap between the grammatical rules of one society and another, and the vast majority of actions and reactions are decoded in much the same way throughout the world.¹⁶ And yet there are also some considerable variations from one society to the next. People in the United States and Germany, for example, do not think of themselves in completely identical ways, and people cooperate differently, and form different kinds of organizations, in China and Japan. It is ultimately because of grammatical differences such as these that protective arrangements vary between countries. When confronting the unfamiliar we reach for the familiar; when trying to protect ourselves against an alien threat we do so in terms of well-established social principles.

Yet no such application of grammatical rules is ever automatic or necessary. It is not the case that the past simply hands down a protective arrangement that we go on to use. Rather, just like the grammar of a language, a social grammar allows a large number of different things to be expressed. Many of these expressions may diverge from each other and some are outright contradictory. The grammar, that is, determines *how* we say something but

not *what* we say; what we say is instead a matter of what we want to say, and this is not given by grammatical rules. Analogously, the form of a protective arrangement may follow the rules of a social grammar and yet its content may vary widely. Which protective arrangements we arrive at in the end is a result of a negotiation between various groups; it is a matter of what some people propose and what other people are prepared to live with. That is, far from being a matter of 'culture' or 'tradition', it is a matter of the exercise of power.

Consider another similarity between a social and a linguistic grammar. In both cases it is striking how ignorant most people usually are of the grammatical rules they so effortlessly employ. A grammar is not something that we purposely sit down to study – instead, we simply start speaking, and whenever we make a mistake we are corrected by our peers. Our knowledge of grammar is in this way intuitively acquired and largely tacit.¹⁷ Much the same can be said of the grammatical rules that govern our interpersonal relationships. By being born and growing up in a certain society we naturally come to adopt a certain way of thinking of ourselves in relation to others. And while we use these rules to make sense of the world, the rules themselves are usually not verbalized.

As tacitly acquired and as a precondition for human interaction, a social grammar is likely to change only slowly. It is for that reason likely to remain in place even as other aspects of society are rapidly being transformed. For this reason, no matter how decisively a new political regime tries to break with the past, chances are that it will be less than completely successful. The new regime will say new things, to be sure, but it will do so in a social grammar that is curiously familiar.¹⁸ For this reason a social grammar is also difficult for outsiders to change. As a part of the taken-for-granted microstructure of everyday life, it is not directly exposed to external pressure. This is why protective arrangements are likely to change more slowly than other aspects of society. Even though globalization and increased competition may make our societies more alike, protective arrangements are relatively shielded from the pressure to converge.

This argument allows us to return to the evolutionary model we briefly discussed above. Evolution, we said, takes place only one step at a time, and like all step-by-step processes it necessarily comes to follow a certain path. Species evolve only given the positions they have attained, and where they are will always depend on where they have been.¹⁹ Adaptation to a particular ecological environment will for that reason never change a species completely but instead change it only in certain respects. The path-dependence of evolutionary change means that later life forms will continue to carry many of the features of their ancestors with them. No matter how far a species has branched out, it will stay connected to the trunk of the same tree.

This argument can be proved with the help of a simple experiment. Since they have adapted themselves to the same aquatic environment for the last

10 million years, dolphins resemble fish – and yet if we cut them open we will immediately notice the differences between the two. In their anatomical structures dolphins are far closer to human beings than they are to fish; their anatomy reveals them to be mammals that must once have lived on land.²⁰ The reason for these abiding differences is that evolutionary pressure only works on some features of an organism and not on others. There are external features that are exposed to competition and thus forced to adapt, but there are also internal features that are better protected and far less easily altered. In the end the make-up of a species is a combination of these two faces, of the exposed and the protected, of some things that change and other things that stay the same.

This argument explains not only why convergence happens but also what its limits are. Differences between species will remain since the process of evolution has found no reason to abolish them. Because dolphins and fish have chanced upon functionally equivalent solutions to the same problems, there is no reason why either of them should become more like the other. They are both doing well if in different ways. Much the same would apply to human beings if we ever were forced back into the oceans. After the requisite number of years we too would end up looking quite similar to dolphins or fish. Yet this is not to say that we ever would *become* dolphins or fish. We would remain human, if in a distinctly different form.

The same argument applies to the social examples we briefly discussed above. Take the case of the two car companies. Since each company has developed according to its own historical trajectory, crucial differences between them are likely to remain even as they come to compete ever more ferociously in the same global marketplace. Not all features of a company are equally exposed to competitive pressure, after all, and there are many different but functionally equivalent ways of making cars.²¹ Just as in the case of dolphins and fish we would expect the 'anatomies' of the two companies to remain more or less distinct. Or, in the terminology introduced above, they will be organized according to different social grammars – they will have different corporate cultures, rely on different operational procedures, relations between staff and executives will be different, and so on.

If this is likely to be the case in the highly competitive field of international car sales, it is even more likely to be the case in relations between societies. Societies, after all, compete with each other in far less a direct fashion and they contain more elaborate and better protected internal codes. And just as for car manufacturers, there are many different but functionally equivalent ways of dealing with the same challenges. In this way increasing convergence can perfectly well coexist with abiding differences – indeed, the differences may become increasingly pronounced the more the competition increases. Or rather, the two processes occur at the same time. Even as societies become more similar to each other in a number of external respects, we would find, if we were to cut them up, that their social anatomies remain quite distinct.

Putting these pieces together, what we get is a more sophisticated understanding of the homogenizing effects of capitalism. Although the push toward convergence is undeniable, the expansion of markets is unlikely to make us all alike. Rather, the forces of convergence operate on pre-existing social structures which are organized according to their own rules. Societies react to the pressures put on them by coming up with various protective arrangements, but because these are organized in terms of a given social grammar, the reactions are likely to vary from one society to the next. In the end convergence will certainly happen, but it will not be complete. Although everyone may feel the same need to be 'competitive', 'efficient' and 'modern', such goals can be achieved in many different but functionally equivalent ways. What we end up with are dolphins and fish; societies that resemble each other in external respects while remaining quite distinct in terms of their internal organization. Capitalism makes all societies more similar to each other, but our separate ways of protecting ourselves against capitalism allow us to retain our differences.

Families, Associations, the State

A problem with the discussion above is that it is far too general. We need to put more empirical meat on these rather dry conceptual bones. For an illustration, consider the protection we are offered by our families, by associations and by the state.²²

The family is perhaps the most obvious example of a protective arrangement. We all have families of one kind or another, and its primary task is to protect its members, in particular the young. It is not too difficult to imagine that these arrangements could be extended to cover us also against the threats posed by the expansion of markets. The greatest advantage of the family is the highly personalized nature of the services it offers. The family home is an intimate and friendly setting where security is combined with care, rest and relaxation. Few people are likely to know you better or care about you more than your family members. On the other hand, families have little or no power over the world outside the home and consequently little power over the market. The family can never change, regulate, or in any way alter the way in which market forces operate. The family is also quite fragile since its character depends on the actions and reactions of its individual members. And family members, as we know, have a tendency to fall out with, and cheat on, each other. This sets limits to the family's role as a protective arrangement.

Although families may be universal, not all families are the same. What families do, apart from the care they provide for their young, is never given. And as any anthropologist or historian will tell us, families vary considerably across space and time. In Europe the nuclear family seems to have been firmly established at least since the twelfth century and few important changes have taken place since then. But if we look more closely, we will

immediately notice large regional variations in family size, in the nature of the household and in the tasks allotted to different family members. Before long it becomes clear that there is no such thing as a uniquely European type of family, and if we take our analysis to other continents we will discover even more variation. Considering these differences it is hardly surprising that families differ in the protection they provide their members.

But protection can also be found outside of the family – for example, in the various organizations that make up what is sometimes referred to as 'civil society'.²³ Here we find a plethora of associations as diverse as religious and political sects, book, sports, horticultural and gambling clubs, secret, medical, musical and learned societies, trade and insurance unions, as well as businesses corporations and cooperatives of various kinds. Despite the obvious differences between them, what this motley crew has in common is a particular position in social life.²⁴ They are all located between the individual on the one hand and the market on the other. In relation to the individual, the organization presents itself as a public arena. It is a more exotic and more exciting place than the home and it is populated mainly by strangers. By becoming a member, we escape the narrow horizons of family life and learn to act together with others in the pursuit of common goals. In relation to the market, however, the association is private. Not everyone, after all, has a right to join whichever club he or she chooses – all associations keep non-desirables out and discriminate against non-members.

This intermediary position is what allows associations and clubs to function as protective arrangements. To the extent that they are closed to the market they are shielded from the impact of market forces. The association is ruled not by the impersonal forces of supply and demand but instead by laws that apply only to particular people and in particular ways. What matters are the personal relations between people who know and care about each other; what matters is how loyal you are to the association and what contributions you make to the common cause. By fellow members you are known as a 'comrade', a 'brother', a 'mate' or a 'fellow'. Associations, when they function well, are similar to families; they are homes away from home. Some of them have a certain power over markets, such as trade unions that can compel employers to raise wages and improve working conditions. And since they are organized around formal rules, they are not as obviously subject to the whims of their members.

At the same time there is considerable variation in the way associations operate. Some countries – famously the United States – take great pride in the vibrancy of their civic activism and in the official rhetoric an image is conjured up of an active associative life which empowers individuals who otherwise would have remained isolated and powerless.²⁵ Other countries – Germany and Sweden come to mind – have very large, centralized, and all-encompassing associations where the members are largely passive. Here membership may do little to alleviate isolation and what is empowered are

institutions rather than individuals. Looking at other parts of the world, the associative flora is even more variegated. Take the example of China with its lineage, dialect and surname associations, or Thailand which sometimes is said to have extremely few intermediary organizations of any kind.²⁶

Finally, there is the state. Given its unrivalled position in society, it is not surprising that people often have turned to the state for protection. The state is the only force in society which potentially at least is more powerful than the market. The state can regulate markets, mitigate their effects, and change their outcomes at will; the state can redistribute resources and for example take from the rich and give to the poor. The state can even decide to replace the market entirely, as happened in Russia after 1917 and in China after 1949. The state is not only powerful, however, but also highly robust. Governed by institutions and constitutional provisions it is virtually independent of the actions and reactions of the people subject to it. Given this awesome authority, as long as we have the state on our side, it would seem we have nothing much to fear.

In practice of course it never really works that way. Instead, the state has always been forced to make concessions to the market in order to be able to finance its activities. In particular it has been crucial to keep entrepreneurs and financiers happy, or otherwise, investments – and therefore economic growth – are likely to suffer.²⁷ Trying simultaneously to please both voters and businessmen, the state has had to make concessions to both, and this has inevitably involved it in contradictions.²⁸ Thus, while the state protects people by addressing the problems that markets create, the protection is not supposed actually to impede the interaction of market forces.

In addition, the state is never as powerful a protector as it may appear. There are always a number of things it is unable to do. A basic weakness is that the state is forced to treat each of its subjects as equals. Although people certainly do want to be treated equally to others, they also want to be treated differently from others, at least some of the time and in certain respects. We want to be recognized as individuals with identities that are uniquely our own. Such recognition of individual differences the state is unable to provide.²⁹ In the end the state cares more about ‘the people’ than about the individuals of whom this collective entity is composed. In this respect the state is often as impersonal as ever the market is, and often at least as insensitive.

Comparing states with each other, we once again come across considerable variation. In the academic study of politics there is an entire sub-field – comparative politics – devoted to investigating the many ways in which political systems differ from each other. This is not least the case when it comes to the position the state takes in relation to economic markets.³⁰ The policies pursued by the Social-Democratic welfare states of northern Europe are explicitly rejected by neo-liberal Anglo-Saxon states, and both differ considerably from the *étatisme* traditionally practised in France. This variety is compounded if we study the way states relate to markets in other parts of the world – say, East Asia.

This Book

The chapters that follow are an investigation of the validity of this analytical framework. What we want to know is what people have done in order to survive the negative side-effects of the widening and deepening of markets. We want to understand how they have dealt with the alienation brought on by the division of labour, with the erosion of values caused by commodification, and to what extent societies and lifestyles really have converged. In order to get a grasp on this last issue we need to investigate how people have protected themselves in different societies. A comparative study is also the only way in which we can appreciate the advantages and disadvantages of various protective arrangements. We want to know who is being protected and who is not, and on what terms.

The focus throughout will be on Europe, North America and East Asia, and in the case of East Asia we will be particularly interested in China, Japan and Thailand. It is in these societies that markets have the longest history – in the case of China stretching back over 2,000 years – and it is here that markets recently have been at their most dynamic. Not surprisingly, it is also here that the protective arrangements have been most elaborately developed. Comparing these disparate societies, we are likely to find both similarities and differences.

So much for historical sociology, but the ultimate aim is to better understand the predicament we ourselves are in. The question here is what is likely to happen if capitalism continues expanding and we all one day come to live in a unified and perfectly globalized market which is as wide and as deep as it ever possibly could be. Which protective arrangements are likely to hold up under these circumstances and how will they operate? Who will be protected, on what terms – and will it still be possible to distinguish various social models from each other? Is convergence inevitable, or is there anything we can do to resist it?

There is a sense of urgency about this investigation. As we will discover, many of the arrangements that have traditionally protected us are today in a state of serious decay. They are still around, to be sure; they are still operating – but they are not operating as well as they once did, and often not in the same manner. Moreover, many protective arrangements are today under ferocious attack from the proponents of unfettered capitalism, and even people who should know better have started making concessions. Tempted by a promise of a new and more efficient sort of capitalism, people are bamboozled into accepting the unacceptable. The situation is potentially serious and the consequences far-reaching. Under such circumstances a historical investigation, no matter how scholarly, can never be a matter of idle curiosity.